



March 09, 2021

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

Dear Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2-D March 9, 2021

A handwritten signature in black ink, appearing to read "Celia Zavala", is written over a light blue horizontal line.

CELIA ZAVALA
EXECUTIVE OFFICER

**ADOPT RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING
REVENUE BONDS FOR AFFORDABLE HOUSING DEVELOPMENT IN THE CITY OF
LANCASTER
(DISTRICT 5) (3 VOTE)**

SUBJECT

This letter requests that your Board authorize the issuance and delivery of tax-exempt Multifamily Housing Revenue Bonds for the site acquisition, development, and construction of Essex Tower, a 70-unit multifamily affordable rental housing development located in the City of Lancaster.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt and instruct the Chair to sign the attached resolution authorizing the issuance of tax-exempt Multifamily Housing Revenue Bonds by the Los Angeles County Development Authority (LACDA), in an aggregate principal amount not to exceed \$8,000,000 (Bonds), to assist Cherry on Top, LP, or an LACDA approved designee (Borrower), to finance the acquisition and construction of the Essex Tower, a 70-unit multifamily affordable rental housing development to be located in the City of Lancaster (Project).
2. Authorize the Executive Director, or his designee, to negotiate, execute, and, if necessary, amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.
3. Find that adoption of this resolution is not subject to the provisions of the California Environmental Quality Act because the action will not have the potential of causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Project, located at 44948 10th St. West, in the City of Lancaster, involves the new construction of 70 one-bedroom units, with non-residential supportive service space on the ground floor. Sixty-nine (69) units will be restricted to homeless senior households with incomes not to exceed 30% of Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development. The affordability requirements will remain in effect for 55 years. The Project will also have a one-bedroom unit for the property manager without affordability requirements. Last year, as part of the LACDA's Notice of Funding Availability Round 25-A, the Borrower submitted an application for the Project and was awarded up to \$7 million in capital funds and allocated 69 project-based vouchers. Upon completion, this Project will provide permanent supportive housing in the Antelope Valley to one of the County's most vulnerable populations, homeless seniors.

The Borrower has requested that the LACDA issue and sell its Bonds to provide financing for the acquisition, development, and construction of the Project. This action will also allow the Bonds to qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Borrower will repay the Bonds solely through rent revenues and will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On February 24, 2020, the LACDA conducted a public hearing regarding the issuance of the tax-exempt Bonds to finance the Project at its office located at 700 West Main Street in Alhambra. No comments were received at the public hearing concerning the issuance of the tax-exempt Bonds or the nature and location of the Project. On February 25, 2020, the Lancaster City Council adopted a resolution authorizing the LACDA to issue the Bonds to finance the Project within the City of Lancaster.

The attached resolution was prepared by Kutak Rock LLP, LACDA Bond Counsel, and approved as to form by County Counsel. Pursuant to California Health and Safety Code section 5852.1, required public disclosures related to this Bond issuance are also attached. All other related documents, in substantially final form, are on file with the Executive Office of the Board of Supervisors. They will be approved as to form by County Counsel prior to execution by the authorized parties.

ENVIRONMENTAL DOCUMENTATION

The proposed action is not a project pursuant to the CEQA because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government, which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

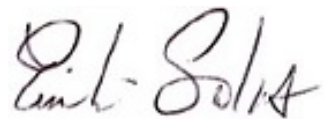
The proposed action is a necessary step to provide financing for the Project, which will increase the supply of housing for homeless seniors in the County.

The Honorable Board of Commissioners

3/9/2021

Page 3

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Emilio Salas". The signature is written in a cursive, flowing style.

Emilio Salas

Executive Director

ES:LK:MT:DR

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF ONE OR MORE SERIES OF MULTIFAMILY HOUSING REVENUE BONDS OR NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,000,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS ESSEX TOWER, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, the Los Angeles County Development Authority (the "LACDA") is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the "Act") to issue and sell revenue bonds or notes for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of one or more series of bonds or notes for the financing of the acquisition, development and construction of a multifamily rental housing development consisting of 70 total units located at 44948 10th Street West, Lancaster, California (the "Project"), to be known as Essex Tower and to be owned by Cherry On Top, LP (or an affiliate or assign thereof); and

WHEREAS, the Project is located within the City of Lancaster (the "City") and the County of Los Angeles; and

WHEREAS, the City has agreed to allow the LACDA to issue the Bond to finance the Project pursuant to an agreement authorized by the Act; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, this Board has received the following information as a good faith estimate of the cost of the Project financing and the LACDA has disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bond (as hereafter defined); (b) the finance charge of the Bond, including all third party expenses; (c) the amount of proceeds received by the LACDA for the sale of the Bond less the finance charge of the Bond and any reserves or capitalized interest paid or funded with proceeds of the Bond; and (d) the total payment amount; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Los Angeles County Development Authority, as follows:

1. It is hereby found and determined that it is necessary and desirable for the LACDA to provide financing for the Project through the issuance and delivery of the Bond in order to assist in the acquisition, construction and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the LACDA hereby determines to issue its bonds or note as Multifamily Housing Revenue Bond or Note (Essex Tower Apartments), 2021 Series B (or such other name or series designation as may be designated by officers or agents of the LACDA), in one or more series or subseries, each with an appropriate series designation (the "Bond"), in an aggregate principal amount not to exceed \$8,000,000. The Bond shall bear interest at the interest rates set forth in or determined in accordance with an indenture of trust (the "Indenture"), maturing as provided in the Indenture, but not later than 40 years from the date of issue. The Bond shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bond is prepared.

The Bond shall be a limited obligation of the LACDA payable solely from the revenues, receipts and other moneys pledged therefor under the Indenture.

The Bond shall be executed on behalf of the LACDA by the manual or facsimile signature of the Chair of this Board or the Executive Director of the LACDA.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the LACDA and Bond Counsel to the LACDA (provided that such additions or changes shall not authorize an aggregate principal amount of Bond in excess of the amount stated above or result in an initial interest rate on the Bond in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Chair of the Board and Executive Director of the LACDA or his designee are hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and, if deemed necessary or desirable, a trustee (the "Trustee") to be designated by the LACDA in the Indenture or an authenticating agent is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Indenture or an authenticating agent, if applicable, the Bond in substantially such form, and the LACDA or the Trustee, as applicable, is hereby authorized and directed to deliver the Bond to the purchaser, which shall be Zions Bancorporation, N.A. dba California Bank & Trust, or an affiliate thereof, in accordance with the Indenture. The Bond may, if so provided in the Indenture, be issued as a "draw down" bond to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of

execution, place of payment, terms of redemption and other terms of the Bond shall be as provided in the Indenture as finally executed.

4. The proposed form of Loan Agreement (the “Loan Agreement”), in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Regulatory Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. This Board hereby appoints the Executive Director of the LACDA or his designee as administrator/manager with respect to the Project and other matters arising in connection with the Bond (the “Administrator”).

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bond, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bond, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

8. All actions heretofore taken by the officers and agents of the LACDA with respect to the issuance and delivery of the Bond are hereby approved, confirmed and ratified, and the proper officers of the LACDA are hereby authorized and directed, for and in the name and on behalf of the LACDA to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Indenture and the other documents herein approved, including an interlocal cooperation agreement with the City, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the LACDA.

9. All resolutions or parts thereto in conflict herewith are, to the extent of such conflict, hereby repealed.

10. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, State of California, this 9th day of March, 2021, by the following vote:

AYES: Supervisors Mitchell, Kuehl, Hahn, Barger and Solis

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: Hilda F. Solis
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer
of the Board of Commissioners

By: Rachelle Smithman
Deputy



APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

By: ER
Deputy

INDENTURE OF TRUST

by and among

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,
as Issuer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST,
as Initial Bondowner Representative

Dated as of [_____] 1, 2021

relating to:

[\$8,000,000]
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions2
Section 1.02. Rules of Construction9
Section 2.01. Authorization9
Section 2.02. Terms of Bond10
Section 2.03. Payment of Bond10
Section 2.04. Execution of Bond10
Section 2.05. Transfer of Bond.....11
Section 2.06. Bond Register12

ARTICLE III
ISSUANCE OF BOND; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bond.....13
Section 3.02. Application of Proceeds of Bond/Draw Down Provisions13
Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund.....14
Section 3.04. Costs of Issuance Fund15
Section 3.05. Issuer Annual Fee15

ARTICLE IV
REDEMPTION OF BOND

Section 4.01. Circumstances of Redemption15
Section 4.02. No Notice of Redemption.....16
Section 4.03. Effect of Redemption.....16

ARTICLE V
REVENUES

Section 5.01. Pledge of Revenues.....17
Section 5.02. Bond Fund18
Section 5.03. Investment of Moneys18
Section 5.04. Enforcement of Obligations.....19

ARTICLE VI
COVENANTS OF THE ISSUER

Section 6.01. Payment of Principal and Interest.....19
Section 6.02. Preservation of Revenues; Amendment of Documents19

Section 6.03.	Compliance with Indenture.....	20
Section 6.04.	Further Assurances	20
Section 6.05.	No Arbitrage	20
Section 6.06.	Limitation of Expenditure of Proceeds.....	20
Section 6.07.	Rebate of Excess Investment Earnings to United States	20
Section 6.08.	Limitation on Issuance Costs.....	22
Section 6.09.	Federal Guarantee Prohibition.....	22
Section 6.10.	Prohibited Facilities	22
Section 6.11.	Use Covenant.....	22
Section 6.12.	Immunities and Limitations of Responsibility of Issuer.....	22
Section 6.13.	No Recourse.....	23
Section 6.14.	Recycling Transactions.....	24

ARTICLE VII

DEFAULT

Section 7.01.	Default Under Loan Agreement; Acceleration.....	24
Section 7.02.	Limitation of Liability to Revenues.....	25

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01.	Duties, Immunities and Liabilities of Trustee	25
Section 8.02.	Right of Trustee to Rely Upon Documents, Etc	28
Section 8.03.	Trustee Not Responsible for Recitals	29
Section 8.04.	Intervention by Trustee.....	29
Section 8.05.	Moneys Received by Trustee to be Held in Trust	29
Section 8.06.	Compensation and Indemnification of Trustee, Bondowner Representative and Agents	29
Section 8.07.	Qualifications of Trustee	30
Section 8.08.	Removal, Resignation and Appointment of Successor Trustee.....	30
Section 8.09.	Merger or Consolidation of Trustee.....	32
Section 8.10.	Compliance with Laws	32
Section 8.11.	Proprietary or Confidential Information of the Issuer	32
Section 8.12.	Audit and Inspection of Records	32
Section 8.13.	Subcontracting	32
Section 8.14.	Paying Agents.....	33

ARTICLE IX
MODIFICATION OF INDENTURE

Section 9.01.	Modification of Indenture.....	33
Section 9.02.	Effect of Supplemental Indenture.....	33
Section 9.03.	Opinion of Counsel as to Supplemental Indenture.....	33
Section 9.04.	Notation of Modification on Bond; Preparation of New Bond.....	34

ARTICLE X
DEFEASANCE

Section 10.01.	Discharge of Indenture.....	34
Section 10.02.	Payment of Bond after Discharge of Indenture.....	34

ARTICLE XI
MISCELLANEOUS

Section 11.01.	Successors of the Issuer.....	35
Section 11.02.	Limitation of Rights to Parties and Bondholder.....	35
Section 11.03.	Waiver of Notice.....	35
Section 11.04.	Destruction of the Bond.....	35
Section 11.05.	Separability of Invalid Provisions.....	35
Section 11.06.	Notices.....	35
Section 11.07.	Authorized Representatives.....	37
Section 11.08.	Evidence of Rights of Bondholder.....	37
Section 11.09.	Waiver of Personal Liability.....	38
Section 11.10.	Holidays.....	38
Section 11.11.	Execution in Several Counterparts.....	39
Section 11.12.	Governing Law, Venue.....	39
Section 11.13.	Successors.....	39
Section 11.14.	Non-Waiver of Rights.....	39

EXHIBIT A	FORM OF BOND
EXHIBIT B	FORM OF INVESTOR’S LETTER
EXHIBIT C	FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST
EXHIBIT D	MULTI-FAMILY BOND POLICIES AND PROCEDURES

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of [_____] 1, 2021 (this “Indenture”), is by and among the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee hereunder (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and **ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST**, as initial purchaser of the Bond hereunder (herein called the “Bondowner Representative”).

WITNESSETH:

WHEREAS, in accordance with Chapter 1 of Part 2 of Division 24 (commencing with Section 52075) of the Health and Safety Code of the State of California (the “Act”), the Issuer is empowered to issue bonds to finance the acquisition, construction and development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, the Issuer proposes to issue in accordance with the Act, its Multifamily Housing Revenue Bond (Essex Tower Apartments) 2021 Series B (the “Bond”); and

WHEREAS, Cherry On Top, LP, a California limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition and the equipping and construction of a 69-unit (plus one manager’s unit) multifamily seniors rental housing project at 44948 10th Street West in the City of Lancaster, County of Los Angeles, California, known as Essex Tower (the “Project”); and

WHEREAS, the provision of the Loan (as hereinafter defined), is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bond in the maximum principal amount of \$[8,000,000] for the purpose of providing funding necessary for the acquisition, equipping and construction of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the Issuer, the Bondowner Representative and the Borrower, the Issuer has agreed to issue the Bond and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay a portion of the costs of acquisition, equipping and construction of the Project, (b) make payments sufficient to pay the principal of and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, in order to provide for the authentication and delivery of the Bond, to establish and declare the terms and conditions upon which the Bond is to be issued and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bond exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bond for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, the Issuer has determined that all acts and proceedings required by law necessary to make the Bond, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

A G R E E M E N T:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, the Bond at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bond is to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bond by the owner thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective registered owner from time to time of the Bond, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term “**Act**” shall mean Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California as in effect on the Closing Date.

The term “**Agreement**” or “**Loan Agreement**” shall mean the Loan Agreement, dated as of [_____] 1, 2021, among the Issuer, the Borrower and the Bondowner Representative, pursuant to which the Issuer agrees to lend the proceeds of the Bond to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term “**Annual Fee**,” when used with reference to the Issuer, means the Issuer’s ongoing annual fee as set forth in Section 7(n) of the Regulatory Agreement.

The term “**Authorized Amount**” shall mean \$[8,000,000], the authorized maximum principal amount of the Bond.

The term “**Authorized Borrower Representative**” shall mean any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer, the Bondowner Representative and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by a managing member or general partner of the Borrower, as applicable, which certificate may designate an alternate or alternates and such persons as designated in the Loan Agreement.

The term “**Authorized Issuer Representative**” shall mean the Chair of the Board of Commissioners or Executive Director of the Issuer or, for purposes of the closing, in the Executive Director’s absence, Emilio Salas, Deputy Executive Director, or such other person at the time designated to act on behalf of the Issuer, by written certificate furnished to the Trustee, the Borrower and the Bondowner Representative containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Issuer Representative, which certificate may designate an alternate or alternates, each of whom shall be entitled to perform all of the duties of the Authorized Issuer Representative.

The term “**Bond**” shall mean the Los Angeles County Development Authority Multifamily Housing Revenue Bond (Essex Tower Apartments), 2021 Series B, issued and Outstanding hereunder.

The term “**Bond Counsel**” shall mean (i) Kutak Rock LLP, or (ii) any attorney at law or other firm of attorneys selected by the Issuer, of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term “**Bond Fund**” shall mean the fund by that name established pursuant to Section 5.02 hereof.

The term “**Bondowner Representative**” shall mean (a) Zions Bancorporation, N.A. dba California Bank & Trust and (b) any successor entity that is the owner of the Bond or any entity selected by the owner of the Bond.

The term “**Bond Year**” shall mean the one-year period beginning on [_____] 1 in each year and ending the last day of [_____] in the following year, except that the first Bond Year shall begin on the Closing Date and end on [_____], 2022.

The term “**Borrower**” or “**Partnership**” shall mean Cherry On Top, LP, a California limited partnership, and its respective successors and assigns under the applicable provisions of the Loan Agreement and the Regulatory Agreement.

The term “**Business Day**” means a day of the week (but not a Saturday, Sunday, or holiday) on which the offices of Lender are open to the public for carrying on substantially all of Lender’s business functions.

The term “**Certificate of the Issuer**” shall mean a certificate of the Issuer signed by an Authorized Issuer Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

The term “**Certified Resolution**” shall mean a copy of a resolution of the Issuer, certified by the Clerk of the Board of Commissioners, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term “**Closing Date**” shall mean [_____], 2021, the date of initial delivery of the Bond and funding of the Initial Disbursement.

The term “**Code**” or “**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (a) the regulations promulgated by the United States Department of the Treasury under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

The term “**Construction Fund**” shall mean the fund by that name established pursuant to Section 3.03 hereof which includes a Bond Proceeds Account therein.

The term “**County**” shall mean the County of Los Angeles.

The term “**Deed of Trust**” shall mean the [Construction Trust Deed with Assignment of Rents, Security Agreement and Fixture Filing], executed by the Borrower in favor of the Issuer as beneficiary (the beneficial interest under which is being assigned, concurrent with recording, by the Issuer to the Trustee) for the purpose of securing the obligations of the Borrower under the Loan Agreement, as such deed of trust may be originally executed or as from time to time supplemented or amended.

The term “**Default Rate**” shall mean the interest rate then in effect on the Bond plus five percent, not to exceed the Maximum Rate.

The term “**Disbursed Amount**” means the portion of the Loan and the Bond funded and Outstanding from time to time, as indicated on the Bond and in the records of the Trustee.

The term “**Disbursement Agreement**” shall have the meaning contained in the Loan Agreement.

The term “**Event of Default**” as used herein with respect to defaults under the Loan Agreement shall have the meaning specified in Section 6.01 thereof.

The term “**Fair Market Value**” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and,

otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

The term “**Holder**,” “**holder**,” “**Bondholder**,” “**Owner**” or “**Bondowner**” shall mean the person in whose name the Bond is registered.

The term “**Indenture**” shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term “**Initial Disbursement**” means the initial advance of the proceeds of the Bond on the Closing Date in an amount equal to at least \$50,001.

The term “**Interest Payment Date**” shall mean the first calendar day of each month, commencing [_____] 1, 2021.

The term “**Investment Securities**” shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(a) United States Treasury notes, bonds, bills, and other obligations for which the full faith and credit of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, are pledged for the payment of principal and interest (including State and Local Government Series);

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated “A” or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary dealers which report to the Federal Reserve Bank of New York or with the 100 largest United States commercial banks, and (3) which are rated Am or Am-g or better by the Rating Agency, including money market funds for which the Trustee and its affiliates provide investment advisory or other management services;

(c) any security which is a general obligation of any state or any local government with taxing powers which is rated “A” or better by the Rating Agency;

(d) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated “A-1” by the Rating Agency and matures in 270 days or less; or

(e) any other investment which is a lawful investment for funds of the Issuer hereunder approved in writing by the Bondowner Representative.

The term “**Investor’s Letter**” shall mean a letter executed and delivered by a purchaser of the Bond in the form of Exhibit B hereto.

The term “**Investor Limited Partner**” shall mean Alliant Credit Facility II, LLC, a Florida limited liability company, its successors and assigns.

The term “**Issuance Costs**” shall mean all costs and expenses of issuance of the Bond, including, but not limited to: (a) underwriters’ discount and fees; (b) counsel fees, including Bond Counsel and Borrower’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond or the Loan; (c) the Issuer’s issuance fee (being 0.25% of the original authorized principal amount of the Bond) plus expenses incurred in connection with the issuance of the Bond, including fees of any counsel or advisor to the Issuer, and the Issuer administrative fee for processing the request of the Borrower to issue the Bond; (d) Bondowner Representative’s fees and Bondowner Representative’s counsel fees; (e) Trustee’s fees and Trustee’s counsel fees; (f) paying agent’s and certifying and authenticating agent’s fees related to issuance of the Bond; (g) accountant’s fees related to issuance of the Bond; (h) fees and expenses of Lender’s counsel; (i) publication costs associated with the financing proceedings; and (j) costs of engineering and feasibility studies necessary to the issuance of the Bond.

The term “**Issuer**” shall mean the Los Angeles County Development Authority, a public body, corporate and politic, organized and existing under the laws of the State, together with any successors and assigns thereto.

The term “**Lender**” shall mean Zions Bancorporation, N.A. dba California Bank & Trust, and its successors and assigns as owner of the Bond.

The term “**Loan**” shall mean the loan of the proceeds of the Bond made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing the acquisition and construction by the owner of the Project.

The term “**Loan Documents**” shall have the meaning given such term in the Loan Agreement.

The term “**Maturity Date**” shall mean [_____] 1, 20[___].

The term “**Maximum Rate**” shall mean the lesser of (i) 12% per annum or (ii) the maximum interest rate permitted by law.

The term “**Note**” shall mean the promissory note evidencing the obligation of the Borrower to repay the Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

The term “**Opinion of Counsel**” shall mean a written opinion of counsel, who may be counsel for the County, Bond Counsel, counsel for the Trustee or counsel for the Bondowner Representative.

The term “**Outstanding**,” when used as of any particular time with reference to the Bond, shall mean a principal amount of the Bond equal to the purchase price paid by the Bondowner Representative to the Trustee under this Indenture except:

(a) Any portion of the Bond theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Any portion of the Bond for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bond); and

(c) A Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05.

The term “**Person**” or “**person**” shall mean an individual, a limited liability company, a corporation, a partnership, a limited partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term “**Principal Office**” shall mean the corporate trust office of the Trustee located at the address set forth in Section 11.06 hereof, or at such other place as the Trustee shall designate by notice given under said Section 11.06.

The term “**Principal Payment Date**” shall mean any date on which principal of the Loan is due and payable under the Note.

The term “**Project**” means the multifamily seniors rental housing facility to be acquired and constructed by the Borrower with the proceeds of the Loan located at 44948 10th Street West in the City of Lancaster, Los Angeles County, California, or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

The term “**Project Costs**” has the meaning given such term in the Regulatory Agreement.

The term “**Qualified Project Costs**” shall have the meaning ascribed thereto in the Regulatory Agreement.

The term “**Rating Agency**” shall mean Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Inc., or its successors and assigns or, if such entity shall be dissolved

or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Issuer.

The term “**Rebate Analyst**” shall mean (i) Kutak Rock LLP, or (ii) any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under this Indenture and the Loan Agreement.

The term “**Redemption Date**” shall mean any date designated as a date upon which the Bond is to be redeemed pursuant to this Indenture.

The term “**Regulations**” shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term “**Regulatory Agreement**” shall mean that Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and among the Issuer, the Trustee and the Borrower related to the Project, as amended, supplemented or restated from time to time.

The term “**Reserved Rights**” means those certain rights of the Issuer, its officers, commissioners, board members, directors, members, other elected officials, attorneys, accountants, employees, agents and consultants under the Loan Documents to indemnification and to payment or reimbursement of fees and expenses of the Issuer, including the Issuer’s Annual Fee, as well as the fees and expenses of counsel and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorney’s fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer), its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Documents as specifically set forth herein and therein, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture and the Regulatory Agreement.

The term “**Responsible Officer**” of the Trustee or the Bondowner Representative shall mean any officer of the Trustee or the Bondowner Representative, as the case may be, assigned to administer its duties hereunder.

The term “**Revenues**” means all amounts pledged hereunder to the payment of principal of and premium, if any, and interest on the Bond, consisting of any repayments of the Loan required or permitted to be made by the Borrower pursuant to Sections A and C of the Note, but such term shall not include payments to the United States, the Issuer, the Trustee or the Bondowner Representative pursuant to Sections 2.05, 2.06, 4.01, 5.03 and 8.08 of the Loan Agreement, Sections 6.07 or 8.06 hereof or pursuant to the Regulatory Agreement.

The term “**Sophisticated Investor**” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

The term “**supplemental indenture**” or “**indenture supplemental hereto**” shall mean any indenture hereafter duly authorized and entered into by and among the Bondowner Representative, the Issuer and the Trustee in accordance with the provisions of this Indenture.

The term “**State**” means the State of California.

The term “**Tax Certificate**” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date executed and delivered by the Issuer and the Borrower on the Closing Date.

The term “**Trustee**” shall have the meaning given to such term in the first paragraph of this Indenture.

The terms “**Written Consent**,” “**Written Demand**,” “**Written Direction**,” “**Written Election**,” “**Written Notice**,” “**Written Order**,” “**Written Request**” and “**Written Requisition**” of the Issuer or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BOND

Section 2.01. Authorization. There is hereby authorized to be issued a bond of the Issuer designated as “Los Angeles County Development Authority Multifamily Housing Revenue Bond (Essex Tower Apartments), 2021 Series B” in the initial aggregate principal amount of up to \$[8,000,000], subject to funding over time, as provided herein. No Bond may be issued hereunder except in accordance with this Article. The maximum aggregate principal amount of the Bond which may be issued and Outstanding under this Indenture shall not exceed the Authorized Amount.

Section 2.02. Terms of Bond. The Bond shall be substantially in the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The Bond shall be issuable only as a single fully registered Bond, without coupons in the principal amount equal to the aggregate of the purchase price of the Bond advanced from time to time by the owner of the Bond (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). Notwithstanding the foregoing, no purchase price of the Bond shall be funded after December 31, 2024 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond. The Bond shall be dated the Closing Date, shall mature on and be payable in full on the Maturity Date, and shall be subject to redemption prior to maturity as provided in Article IV.

The Bond shall bear interest, payable on each Interest Payment Date, at the Adjustable Fixed Rate as defined in and pursuant to and in accordance with the terms of the Note (subject to such exceptions and conditions as are set forth in the Note). Notwithstanding the foregoing, the Bond shall bear interest at the Default Rate upon the occurrence of an Event of Default under the Loan Agreement or at a Taxable Rate as defined in the Note upon a Notice of Taxability as defined in the Note. In no event may the interest rate on the Bond exceed the Maximum Rate. Interest on the Bond shall be computed on the basis of a 360-day year and actual days elapsed.

The Bond shall bear interest from the date to which interest has been paid on the Bond next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

The Bond shall be issued as a certificated instrument and shall not be held in book-entry form.

Section 2.03. Payment of Bond. Payment of the principal of and interest on the Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of any registered owner of Bond, make payments of principal and interest on the Bond by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing. Notwithstanding the foregoing, unless otherwise notified in writing by the Bondowner Representative, the Trustee shall make all payments of principal of and interest on the Bond to the Bondowner Representative by wire transfer to the extent funds are on deposit with the Trustee for such payments under this Indenture.

Section 2.04. Execution of Bond. The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of the Authorized Issuer Representative. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond.

In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

Only such Bond as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive evidence that the Bond so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bond.

(a) The Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever the Bond shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new, fully registered Bond.

(b) The following shall apply to all transfers of the Bond after the initial delivery of the Bond:

(i) the Bond, in the form attached hereto as Exhibit A, shall be a physical certificated instrument, and shall not be held in a book-entry only system unless approved in advance in writing by the Issuer in its sole discretion;

(ii) the Bond shall be transferred only in whole and only to an entity that qualifies as a Sophisticated Investor, which must execute and deliver the form of Investor's Letter;

(iii) each transferee of the Bond shall deliver to the Issuer an Investor's Letter; and

(iv) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 2.05(b) have been satisfied and the Trustee has received the written consent of the Issuer to such transfer.

(c) The Trustee shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same nor to the Borrower. The cost of printing any Bond and

any services rendered or any expenses incurred by the Trustee in connection therewith shall be paid by the Borrower.

(d) The Bondowner Representative and Trustee shall not transfer the Bond without prior written approval by the Issuer; provided that the Issuer agrees that it shall not unreasonably or arbitrarily withhold such approval with respect to a transfer that (1) complies with the requirements of subparagraphs (b)(ii) and (b)(iii), above, and (2) is made by the Bondowner Representative in order to comply with capital requirements or constraints, overall asset disposition strategies or regulatory requirements applicable to the Bondowner Representative as certified to the Issuer in writing and that, with respect to any such requested transfer, the Issuer will provide its consent or specify its reasons for withholding its consent within 10 days of receipt by the Issuer and the Trustee of the items specified in (b)(ii) and (b)(iii) above and the written certification referenced in this sentence. If the Issuer fails to respond within such 10 day period, the Issuer's consent shall be deemed granted. Notwithstanding anything to the contrary herein, the Issuer's consent to a transfer of the Bond shall not be required with respect to any transfer to a subsidiary or affiliate of the then-existing Bondowner which transfer otherwise meets the requirements hereof. The Bondowner Representative shall indemnify and defend the Issuer, and the officers, directors, employees, attorneys and agents of the Issuer against any claim brought by any transferor or transferee of the Bond in respect of the Bond, this Indenture or any of the Loan Documents in the event that there occurs a transfer of the Bond that is not permitted pursuant to this Section 2.05. Failure to comply with Section 2.05(b) shall cause any purported transfer to be null and void.

(e) There may be only one Holder of the Bond initially at closing and not more than one subsequent to closing. The Trustee shall comply with the Issuer's Multi-Family Bond Policies and Procedures, as described herein and as otherwise set forth in Exhibit D hereto, unless waived in writing by the Issuer.

Section 2.06. Bond Register. The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bond. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration, notation of principal and transfer of the Bond, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

The ownership of the registered Bond shall be proved by the bond registration books held by the Trustee. The Trustee and the Issuer may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of the Bond held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the Bond and the Holder of every Bond issued in exchange thereof or in

lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon.

ARTICLE III

ISSUANCE OF BOND; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bond and deliver it to the Trustee. Upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Trustee shall authenticate the Bond in a principal amount not exceeding the Authorized Amount, and shall deliver the Bond pursuant to a Written Order of the Issuer. Prior to the authentication and delivery of the Bond by the Trustee, the initial owner of the Bond shall have executed and delivered to the Trustee the form of Investor's Letter and there shall have been delivered to the Trustee each of the following:

(a) a Certified Resolution authorizing issuance and sale of the Bond and execution and delivery by the Issuer of the Indenture, the Loan Agreement and the Regulatory Agreement;

(b) copies of executed counterparts of this Indenture, the Loan Agreement, the Deed of Trust, the Regulatory Agreement and all of the other Loan Documents (as defined in the Loan Agreement), all in form and content satisfactory to the Bondowner Representative (as evidenced by the authentication and delivery of the Bond to the Bondowner Representative and acceptance thereof), and the original executed Note;

(c) a Written Order of the Issuer to the Trustee to authenticate and deliver the Bond as directed in such Written Order, upon payment of the Initial Disbursement by the Bondowner Representative and transfer thereof to the Trustee, for the account of the Issuer for deposit in the Bond Proceeds Account of the Construction Fund and immediate disbursement into escrow with Fidelity National Title Company as directed by the Issuer;

(d) evidence satisfactory to the Issuer of arrangements to pay all costs associated with the issuance and sale of the Bond; and

(e) one or more opinions of Bond Counsel or the County counsel's office with respect to the due execution and delivery of the Indenture, Loan Agreement and Bond and the exclusion from gross income of the Bondholder of interest on the Bond for federal income tax purposes.

Section 3.02. Application of Proceeds of Bond/Draw Down Provisions. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bond shall be made in accordance with Section 3.03 of this Indenture. The Bondowner Representative shall fund the purchase price of the Bond from time to time by funding advances of principal of the Loan pursuant to the Loan Agreement and Disbursement Agreement. Amounts funded in such manner shall be deposited by the Bondowner Representative with the Trustee and shall be

deposited into the Bond Proceeds Account of the Construction Fund in accordance with Section 3.03(a) of this Indenture. The Trustee shall note such amount in its records, and the Trustee's records, absent manifest error, shall be dispositive of the amount Outstanding. Such amounts shall constitute the Disbursed Amount, and shall begin to accrue interest, only upon disbursement by the Bondowner Representative to the Trustee for deposit in the Bond Proceeds Account of the Construction Fund. Notwithstanding anything herein to the contrary, the purchase price of the Bond funded by the Bondowner Representative may not exceed \$[8,000,000] (and the Trustee shall not record any advances which would cause the principal amount of the Bond to exceed such amount). In no event may additional amounts be funded after December 31, 2024, unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund.

There is hereby created and established with the Trustee a separate fund which shall be designated the "Construction Fund," which fund shall be applied only as provided in this Section. Within the Construction Fund there shall be created a Bond Proceeds Account to be held by the Trustee. The Initial Disbursement on the Closing Date shall be disbursed by the Bondowner Representative pursuant to the Loan Agreement and deposited with the Trustee into the Bond Proceeds Account of the Construction Fund for payment to or upon the order of the Borrower to pay Qualified Project Costs.

(a) The Bondowner Representative shall fund the Loan from time to time in accordance with the Loan Agreement and the Disbursement Agreement. Each advance of the Loan shall be treated as a concurrent funding of Bondowner Representative's purchase of a further drawdown of the Bond. The Bondowner Representative shall deposit the proceeds of each drawdown on the Bond with the Trustee for deposit into the Bond Proceeds Account of the Construction Fund. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Lender) (i) for the payment of Project Costs (as defined in the Regulatory Agreement) approved by the Bondowner Representative; and (ii) as provided in the first sentence of the next subsection, interest on the Bond when due.

(b) The Trustee shall disburse from the Construction Fund to the registered owner of the Bond, the accrued interest on the Bond when due, upon the receipt of a written request from the Bondowner Representative stating the amount of such interest, without the need for the consent of, but with delivery of a copy of such written request to, the Borrower and the Issuer. The Issuer hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Lender) from time to time upon receipt by the Trustee of a written disbursement request from the Borrower in the form attached hereto as Exhibit C, and a written consent executed by the Bondowner Representative evidencing a determination of the Bondowner Representative that the conditions to disbursement contained in the Disbursement Agreement have been satisfied or waived.

(c) The Trustee shall maintain, or cause to be maintained, accurate records regarding the disbursement of the proceeds of the Bond in accordance with Section 3.02 and this Section 3.03 hereof, and shall provide copies thereof to the Issuer and the Borrower upon their written request. Additionally, the Trustee shall provide the Issuer and Borrower with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Construction Fund and the Bond Fund in the immediately preceding month.

(d) The Trustee, the Bondowner Representative and the Issuer shall not be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

If an Event of Default under and as defined in the Loan Agreement occurs and the maturity of the Bond is accelerated in accordance with Section 4.01(b) hereof, the Trustee will, to the extent necessary, use moneys in the Construction Fund and Bond Fund to make payments on the Bond.

Section 3.04. Costs of Issuance Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the “Costs of Issuance Fund,” which fund shall be applied only as provided in this Section. On the Closing Date, the Borrower shall, from its own funds, deposit with the Trustee the amount of \$[2,000], which amount the Trustee shall deposit in the Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be paid by the Trustee on or after the Closing Date to the California Debt and Investment Advisory Commission (“CDIAC”) in an amount up to \$[2,000] upon delivery of an invoice to the Trustee from CDIAC. Amounts remaining in the Costs of Issuance Fund 90 days after the Closing Date shall be returned to the Borrower and the Trustee shall close the Costs of Issuance Fund.

Section 3.05. Issuer Annual Fee. The Trustee shall collect the Issuer’s Annual Fee from the Borrower when due from the Borrower and remit it to the Issuer at the times specified in the Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit the Annual Fee to the Issuer.

ARTICLE IV

REDEMPTION OF BOND

Section 4.01. Circumstances of Redemption. The Bond is subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Bond shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of the Bond to be redeemed plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the Note, the Loan Agreement or the Disbursement Agreement; provided, however, that any other charges then due and payable pursuant to the Note, the Loan Agreement or the Disbursement Agreement shall be paid in full (or, in connection with a partial redemption of the Bond, paid in proportion to the amount of the Bond being so redeemed) on the redemption date.

(b) The Bond shall be subject to mandatory redemption in whole upon the occurrence of an Event of Default under the Loan Agreement, the Disbursement Agreement or any other of the Loan Documents (subject to all applicable notice and cure provisions contained therein), at the written direction of the Bondowner Representative, at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption, plus any applicable prepayment premium, as provided in the Note, the Loan Agreement or the Disbursement Agreement.

(c) [Reserved].

(d) The Bond shall be subject to mandatory redemption in whole (i) on the maturity date established under the Note and (ii) on any earlier date upon which the Borrower, in accordance with the terms and conditions of the Note, is obligated to pay the entire outstanding principal balance of the Note, together with all accrued and unpaid interest thereon, in each case at a redemption price equal to the entire principal amount of the Bond then Outstanding, plus accrued interest to the date of redemption, plus any applicable premium.

(e) The Bond shall be subject to mandatory redemption, at the direction of the Bondowner Representative (given in accordance with the Loan Agreement or the Deed of Trust), in whole or in part on any date, from insurance proceeds received in connection with a partial or total casualty loss of the Project or a condemnation award in connection with a partial or complete taking of the Project, but only to the extent such proceeds or award are not used to repair, replace or restore the Project, at a price equal to the principal amount of the Bond to be redeemed plus interest accrued thereon to the date fixed for redemption and any additional amount payable pursuant to the Note, the Loan Agreement or the Disbursement Agreement.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption and to provide written notice thereof to the Trustee, and, if Revenues are available, to cause the Trustee to redeem the Bond so called on the date so fixed by the Bondowner Representative. The Bondowner need not surrender its Bond in connection with any redemption of the Bond unless the Bond is redeemed in whole.

(f) Pursuant to its policies and procedures, if interest on the Bond is ever determined to be taxable the Bond shall be subject to mandatory prepayment at the sole direction of the Issuer (but only with the written consent of the Lender). [Pending approval by LACDA]

Section 4.02. No Notice of Redemption. No notice of redemption of the Bond need be given to the Bondowner by the Trustee, but the Bondowner Representative shall give notice of any redemption under Section 4.01(b) to the Issuer at the same time such notice is given to the Trustee; provided such notice shall not be a condition precedent to any redemption and neither failure to give such notice nor any defect in such notice shall affect the validity of any redemption hereunder.

Section 4.03. Effect of Redemption. If moneys for payment of the redemption price of the Bond are being held by the Trustee, the Bond shall, on the redemption date selected by the

Bondowner Representative, become due and payable at the redemption price specified herein, interest on the principal amount of the Bond so called for redemption shall cease to accrue upon actual redemption, said principal amount of Bond shall cease to be entitled to any lien, benefit or security under this Indenture, and the holder of the Bond shall have no rights in respect thereof except to receive payment of the redemption price thereof and receive proceeds of exercise by the Trustee of rights and remedies under the Note, the Loan Agreement, the Deed of Trust, the Disbursement Agreement and the other Loan Documents.

ARTICLE V

REVENUES

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bond. The Issuer also hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the holder from time to time of the Bond, all of its right, title and interest in (excluding the Reserved Rights) (a) the Revenues, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (b) all amounts on deposit in any fund or account created hereunder and held by the Trustee, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (c) the Loan Agreement (except for the Reserved Rights under Sections 2.05, 2.06, 4.01, 5.03 and 8.08 of the Loan Agreement and amounts payable to the United States of America pursuant to the Regulatory Agreement and Tax Certificate), (d) the Note, and (e) any other amounts or agreements referenced in the Loan Agreement as security for the repayment of the Bond (collectively, the “Trust Estate”). The Note has been endorsed to the Trustee, and the Deed of Trust is delivered in favor of the Issuer and assigned to the Trustee.

All Revenues received by the Trustee and all amounts on deposit in the funds and accounts created hereunder and held by the Trustee (other than amounts held pursuant to Section 3.05 for the benefit of the Issuer and amounts held in the Rebate Fund pursuant to Section 6.07 hereof) shall be held in trust for the benefit of the holders from time to time of the Bond, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

Notwithstanding anything contained in this Indenture, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the County, the State or by any political subdivision thereof or from any source of income of any of the foregoing other than the Trust Estate for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture.

THE BOND IS ISSUED IN ACCORDANCE WITH THE ACT AND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF AND NOT FROM ANY OTHER REVENUES, INCOME OR RECEIPTS OF THE ISSUER. NEITHER THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. NONE OF THE ISSUER, THE COUNTY OF LOS ANGELES, THE STATE, ANY

POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT SET FORTH AS DESCRIBED IN THIS PARAGRAPH) OR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS DESCRIBED IN THIS PARAGRAPH, AND NONE OF THE BOND OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

Section 5.02. Bond Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Trustee shall credit to the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower.

Except as provided in Section 10.02, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bond as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

On each date on which principal of or interest on the Bond is due and payable, the Trustee shall pay such amount from the Bond Fund.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee. In the absence of such directions, the Trustee shall invest such monies in Investment Securities described in clause (b) of the definition thereof. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03, except for those arising from the willful misconduct or fraud on the part of the Trustee.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bond (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Trustee shall have no duty to determine Fair Market Value or present value hereunder.

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. Subject to the requirements of the Tax Certificate, the Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such sale or redemption.

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and the Issuer (to the extent requested by it) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Trustee hereunder.

Section 5.04. Enforcement of Obligations. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Bondowner Representative, the Bondowner Representative shall, pursuant to Section 7.08 hereof, be entitled in its sole discretion to take all steps, actions and proceedings, or to direct the Trustee to take all steps and proceedings: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, the Regulatory Agreement and the Deed of Trust, and (b) to request compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Payment of Principal and Interest. The Issuer shall punctually pay, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of the Bond issued hereunder at the times and places and in the manner provided herein and in the Bond, according to the true intent and meaning thereof. When and as paid in full, the Bond shall be delivered to the Trustee and shall forthwith be destroyed.

Section 6.02. Preservation of Revenues; Amendment of Documents. The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Trustee, of rights of the Issuer under the Loan Agreement and the Deed of Trust and other collateral documents, or the Trustee's or the Bondowner Representative's

enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Loan Agreement or the Deed of Trust and other collateral documents, and shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement or the Deed of Trust and other collateral documents, without the prior written consent of the Bondowner Representative.

Section 6.03. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any Bond secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. The Issuer shall faithfully observe and perform all the covenants, conditions and requirements hereof. So long as the Bond is Outstanding, the Issuer shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer, at the expense of the Borrower, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the Bondholder all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.05. No Arbitrage. The Issuer shall not take, nor knowingly permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the gross proceeds of the Bond which would cause the Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder. The Issuer will, additionally, comply with its obligations under and pursuant to the Tax Certificate.

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the Issuer, and based upon the Borrower’s representations in the Borrower Cost Certificate dated the Closing Date, not less than 97% of the face amount of the Bond, plus premium (if any) paid on the purchase of the Bond by the original purchaser thereof from the Issuer, less original issue discount, will be used for Qualified Project Costs and less than 25% of such amount will be used for acquisition of land or an interest in land.

Section 6.07. Rebate of Excess Investment Earnings to United States. The Rebate Fund shall be established by the Trustee and held and applied as provided in this Section. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the United States Government, and neither the Issuer, the Borrower nor the Bondholder shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such

provisions if it follows the written instructions of the Issuer, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Issuer, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Bond Year and/or within 55 days of payment in full of the Bond, the Trustee shall request and the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”).

Within 55 days of the end of each fifth Bond Year and within 55 days of payment in full of the Bond, upon the written direction of the Issuer, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Trustee from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Trustee shall pay, as directed by the Issuer, Bond Counsel or the Rebate Analyst, to the United States Treasury, out of amounts in the Rebate Fund on the earlier of:

- (i) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; or
- (ii) Not later than 60 days after the payment of the Bond in full, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center at the address provided in such direction on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States and to comply with all other requirements of this Section 6.07, Section 2.06 of the Loan Agreement, the requirements of the Regulatory Agreement and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Bond.

Any funds remaining in the Rebate Fund after redemption and payment of all of the Bond and payment and satisfaction of any Rebate Requirement, or provision made therefor in accordance with the written direction of the Issuer, the Rebate Analyst or Bond Counsel, shall be withdrawn and remitted to the Borrower.

The Trustee shall keep such records of the computations made pursuant to this Section 6.07 as are required under Section 148(f) of the Code to the extent furnished to the Trustee. The Borrower shall or shall cause the Rebate Analyst to provide to the Issuer copies of all rebate computations made pursuant to this Section 6.07. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bond and the investments of earnings from those investments made by the Trustee as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bond, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. To the best knowledge of the Issuer, from the proceeds of the Bond received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent of the face amount of the Bond will be used to pay for, or provide for the payment of, Issuance Costs.

Section 6.09. Federal Guarantee Prohibition. The Issuer shall take no action if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.10. Prohibited Facilities. To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.11. Use Covenant. The Issuer shall not use any proceeds of the Bond or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(d) of the Code by reason of the Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.12. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action

was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person and shall be liable only for its gross negligence or willful misconduct. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the highest rate at which interest accrues from time to time on the Bond, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power. The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 4.01 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bond and discharge of this Indenture.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer or the Trustee or the Bondowner Representative as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by the Bondowner Representatives, and (c) none of the provisions of this Indenture shall require the Issuer or the Trustee to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

Section 6.13. No Recourse. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the Issuer or any official, commissioner, officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, commissioner, officer, agent or employee of the Issuer in other than that person's official capacity. No member, commissioner, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any

present or future commissioner, officer, director, employee or agent of the Issuer in his or her individual capacity, and neither the commissioners, officers, directors, employees or agents of the Issuer executing the Bond or this Indenture shall be liable personally on the Bond or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bond or the execution of this Indenture.

Section 6.14. Recycling Transactions. Notwithstanding any provision of this Indenture or the Bond to the contrary, the Issuer shall be permitted to direct payments of the Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of the Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the Bond. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

ARTICLE VII

DEFAULT

Section 7.01. Default Under Loan Agreement; Acceleration. No default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bond. The Issuer’s, Trustee’s, Borrower’s, and Owner’s remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. The Owner may, upon the acceleration of the Borrower’s obligations under the Loan Documents, direct the Trustee to accelerate the maturity of the Bond and apply any funds available hereunder for such purpose as provided herein (after paying the fees and expenses of the Trustee and the Issuer). Any Bond remaining outstanding shall be deemed paid upon transfer, to or at the direction of the Owner, of the Loan Documents and all security therefor free and clear of the lien of this Indenture.

The Issuer shall cooperate with the Owner and the Trustee in exercising rights and remedies under the Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Loan Agreement and Regulatory Agreement.

Whether or not an Event of Default has occurred, the Bondowner Representative, in its sole discretion, shall have the sole right to waive or forebear any term, condition, covenant or agreement in the Loan Agreement applicable to the Borrower or any breach thereof, other than the covenant that would adversely impact the tax-exempt status of the interest on the Bond and provided that the Bondowner Representative shall have no right to waive, and the Issuer may seek, specific performance by the Borrower to enforce the Reserved Rights. With respect to any of its Reserved Rights, the Issuer may exercise such rights as permitted by the Regulatory Agreement in connection with a default thereunder.

In the event that the Trustee, the Bondowner Representative or their respective assignee or designee shall become the legal or beneficial owner of the Property by foreclosure or deed in lieu of foreclosure, such party shall have the right to be exercised in its sole discretion to succeed to the rights and the obligations of the Borrower under the Loan Agreement, the Note, the Regulatory Agreement and any other Bond Documents to which the borrower is a party. Such assumption

shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 7.02. Limitation of Liability to Revenues. Notwithstanding anything in this Indenture contained, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the County, by the State or by any political subdivision thereof or from any source of income of any of the foregoing other than the Revenues for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture. The Bond is a limited obligation of the Issuer, and is payable from and secured by the Revenues and any other revenues, funds or assets pledged under this Indenture and not from any other revenues, funds or assets of the Issuer.

It is recognized that notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor the Holder shall look to the Issuer for damages suffered by the Borrower, the Trustee or the Holder as a result of the failure of the Issuer to perform any covenant, undertaking or obligations under this Indenture, the Loan Agreement, the Bond or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 7.02, the Issuer shall have received satisfactory indemnification.

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Issuer hereby agrees to employ the Trustee (at the expense of the Borrower) to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to authenticate, deliver and transfer the Bond; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the owner of the Bond; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture. The Trustee is authorized and directed to enter into the Loan Documents to which it is a party, solely in its capacity as Trustee.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times (i) the Trustee shall not be liable for any act or omission unless the Trustee or its agent was negligent or engaged in willful misconduct; and (ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein, or in accordance with the directions of the Bondowner Representative or in accordance with the directions of the holder of the Bond relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer, the Bondowner Representative or the owner of the Bond, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer;

(d) Before taking any action under the Regulatory Agreement, Article VII hereof or this Section at the request or direction of the Bondholder or the Bondowner Representative, the Trustee may require that a satisfactory indemnity bond be furnished by the Bondholder, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer or the Bondowner Representative to the Trustee to take any action under any provision of this Indenture or the Regulatory Agreement, the Issuer or Bondowner Representative, as applicable, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

(i) The immunities extended to the Trustee also extend to its directors, officers and employees;

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bond, it being the sole obligation of the Trustee to administer, for the benefit of the Bondholder, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the holder of the Bond or the Bondowner Representative related to the exercise of any right, power or remedy available to the Trustee;

(m) The Trustee shall have no duty to review any financial statements or budgets filed with it by the Borrower under the Loan Agreement;

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the Issuer pursuant to Section 7 of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of interest on the Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of: (i) its payment obligations under said Section 7(n) of the Regulatory Agreement 30 days preceding each annual payment date therefor, commencing with the payment date on [_____], and ending on the date set forth in the Regulatory Agreement; and (ii) the Borrower's obligation to make payments to the Rebate Fund as provided herein; and

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe

weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Trustee to Rely Upon Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, facsimile transmission, electronic mail, demand, direction, election, requisition, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the Issuer, counsel for the Trustee or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer or a certificate of the Bondowner Representative; and such Certificate of the Issuer or a certificate of the Bondowner Representative shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(f) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bond shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bond. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bond, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bond as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Issuer of the Bond authenticated or delivered hereunder or of the use or application of the proceeds of such Bond by the Issuer or the Borrower or their agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the owners of the Bond in any judicial proceeding to which the Issuer or Bondowner Representative is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the owner of the Bond and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owner of the Bond or the Bondowner Representative.

Section 8.05. Moneys Received by Trustee to be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon.

Section 8.06. Compensation and Indemnification of Trustee, Bondowner Representative and Agents.

(a) The Bondowner Representative and the Trustee shall be entitled to receive compensation from the Borrower for their services as Bondowner Representative and Trustee, respectively, as provided in Section 2.06 of the Loan Agreement, and shall be indemnified by the Borrower as provided in Section 4.01 of the Loan Agreement and Section 9 of the Regulatory Agreement. The Bondowner Representative and the Trustee each acknowledges and agrees that, unless otherwise agreed to in writing by the Issuer, the Issuer shall not be responsible for the fees and expenses of the Bondowner Representative

and the Trustee, and is providing no indemnification to the Bondowner Representative and the Trustee.

(b) If any property, other than cash, shall at any time be held by the Bondowner Representative or the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bond, the Bondowner Representative or the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bond, shall be entitled to but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative and the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and each of the Bondowner Representative and Trustee is hereby granted a lien and a security interest prior to the Bond in respect of all property and funds held or collected by the Bondowner Representative or the Trustee as such, except funds held in trust by the Bondowner Representative or the Trustee for the benefit of the holders of a particular principal amount of the Bond, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bond. The Bondowner Representative's and the Trustee's rights to immunities, indemnities and protection from liability hereunder and their rights to payment of their fees and expenses shall survive such Bondowner Representative's and the Trustee's resignation or removal and final payment of the Bond.

Section 8.07. Qualifications of Trustee. There shall at all times be a trustee hereunder, which shall be a corporation, banking association or trust company, in each case having trust powers, doing business and having a corporate trust office in California and shall:

(a) either (i) have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i) and

(b) be able to comply with the terms and conditions of this Indenture and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

Section 8.08. Removal, Resignation and Appointment of Successor Trustee.

(a) **Removal of Trustee.** The Issuer may remove the Trustee at any time unless an Event of Default occurs and is then continuing, and shall remove the Trustee if at any

time requested to do so by an instrument or concurrent instruments in writing signed by the holder of the Bond (or its attorney duly authorized in writing) or the Bondowner Representative or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Borrower shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Borrower under this Section 8.08 shall be subject to the approval of the Bondowner Representative and the Issuer, which approval shall not unreasonably be withheld or delayed.

(b) ***Resignation of Trustee.*** The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Issuer and to the Bondholder. Upon receiving such notice of resignation, the Borrower shall appoint a successor Trustee by an instrument in writing with the written consent of the Bondowner Representative and the Issuer. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(c) ***Appointment of Successor Trustee.*** Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may at the expense of the Borrower petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment

by a successor Trustee as provided in this subsection, the Issuer shall mail or cause the successor Trustee to mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholder at the address shown on the registration books. If the Issuer fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Issuer.

Section 8.09. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the first sentence of Section 8.07.

Section 8.10. Compliance with Laws. The Trustee shall keep itself fully informed of the codes, ordinances and regulations of the County and of all State, and federal laws in any manner affecting the performance of this Indenture, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 8.11. Proprietary or Confidential Information of the Issuer. The Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by the Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Issuer. The Trustee agrees that all information disclosed by the Issuer to the Trustee shall be held in confidence and used only in performance of this Indenture. The Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 8.12. Audit and Inspection of Records. The Trustee agrees to maintain and make available to the Issuer, during regular business hours, accurate books and accounting records relating to its work under this Indenture. The Trustee will permit the Issuer to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Indenture, whether funded in whole or in part under this Indenture. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Indenture or until after final audit has been resolved, whichever is later. The State or any federal agency having an interest in the subject matter of this Indenture shall have the same rights conferred upon the Issuer by this Section.

Section 8.13. Subcontracting. The Trustee is prohibited from subcontracting this Indenture or any part of it unless such subcontracting is first approved by the Issuer in writing. Neither party shall, on the basis of this Indenture, contract on behalf of or in the name of the other party. A contract made in violation of this provision shall confer no rights on any party and shall be null and void.

Section 8.14. Paying Agents. The Trustee, with the written approval of the Issuer and the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bond. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bond presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. The Issuer and the Trustee, with the prior written consent of the Bondowner Representative, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. The Bondowner Representative may, if it so elects, direct the Trustee to join with the Issuer in the execution of such supplemental indenture, unless such supplemental indenture affects the rights or obligations of the Borrower or any general partner or limited partner of the Borrower hereunder or under the Loan Agreement or any other document, in which case the Issuer, Trustee and Bondowner Representative may enter into such supplemental indenture only if the Bondowner Representative has received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

Promptly after the execution by the Issuer, the Trustee and the Bondowner Representative of any supplemental indenture pursuant to the provisions of this Section, if the Bondowner Representative is not the sole owner of the Bond then Outstanding, the Trustee shall give the Bondowner, by first class mail, a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee, the Bondowner Representative and the holder of the Bond shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee and the Bondowner Representative shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bond; Preparation of New Bond. A Bond authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, a new Bond, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and executed by the Issuer and authenticated by the Trustee and delivered without cost to the holder of the Bond then Outstanding, upon surrender for cancellation of such Bond in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the entire indebtedness on the Bond Outstanding shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on the Bond Outstanding; or
- (b) by the delivery to the Trustee, for cancellation by it, of the Bond Outstanding;

and if all other sums payable hereunder by the Issuer shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Trustee shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Trustee (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith. Following such discharge and payment and payment of any amounts owed to: (i) the Issuer, Trustee or Bondowner Representative under the Regulatory Agreement or any Loan Document; and (ii) the United States of America pursuant to Section 6.07 hereof, any funds remaining on deposit herein shall be disbursed to the Borrower.

The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by it any Bond previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Payment of Bond after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the principal of, or interest or premium on, the Bond remaining unclaimed for two years after the principal of the Outstanding Bond has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Borrower, and the holder of such Bond shall thereafter be entitled to look only to the Borrower for payment thereof, and only to the extent of the amount so paid to the Borrower, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease.

In the event of the payment of any such moneys to the Borrower as aforesaid, the holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Borrower for amounts equivalent to the respective amounts deposited for the payment of the Bond and so paid to the Borrower (without interest thereon).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of the Issuer. All the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholder. Nothing in this Indenture or in the Bond expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Bondowner Representative, the Borrower and the holder of the Bond issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, the Bondowner Representative, the Borrower and the holder of the Bond issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of the Bond. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of the Bond, the Trustee may, in lieu of such cancellation and delivery, destroy the Bond and deliver a certificate of such destruction to the Issuer.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Trustee, the Bondowner Representative, or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first class mail, postage prepaid, or given by telephone or telecopier and confirmed by such mail, and to the other parties and addressed as follows:

The Issuer: Los Angeles County Development Authority
700 West Main Street
Alhambra, CA 91801-3312
Attention: Mark Trinidad
Telephone: (626) 262-4511
Facsimile: (626) 943-3818

with a copy to: Behnaz Tashakorian
Los Angeles County Counsel
350 South Figueroa Street, 7th Floor
Los Angeles, CA 90071

The Bondowner
Representative: Zions Bancorporation, N.A. dba California Bank & Trust
1900 Main Street, Suite 200
Irvine, CA 92614
Attention: Michelle Ortega
Telephone: (949) 251-7703
Facsimile: (949) 251-7731

With a copy to: Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, 10th Floor
Costa Mesa, CA 92626
Attention: Ken Fox, Esq.

The Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LACDA MF (Essex Tower 2021B)
Telephone: (213) 615-6002
Facsimile: (213) 453-1019

The Borrower: Cherry On Top, LP
c/o InSite Development, LLC
[_____]
[_____]
Attention: Steven Eglash
Telephone: [_____]

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Eugene Cowan, Esq.
Telephone: (213) 239-8015
Facsimile: (213) 239-0410

with a copy to: Alliant Credit Facility II, LLC

c/o Alliant Asset Management Company LLC
21600 Oxnard Street, Suite 1200
Woodland Hills, CA 91367
Attention: General Counsel
Telephone: (818) 668-6800
Telecopy: (818) 668-2828

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Shane Deaver, Esq.

The Issuer, the Trustee, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by the Authorized Issuer Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the Issuer, the Trustee, the Bondowner Representative and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholder. Any request, consent or other instrument required by this Indenture to be signed and executed by the Bondholder may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by the Bondholder in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of the Bond, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bondowner Representative, the Trustee and of the Issuer if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(b) The ownership of the Bond shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of the Bond held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) Any request, consent or vote of the holder of the Bond shall bind every future holder of the Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bondowner Representative, the Trustee or the Issuer in pursuance of such request, consent or vote.

(d) [Reserved].

(e) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting with the Bondholder upon such notice and in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. Waiver of Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bond or the other Bond documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any staff, official, supervisor, commissioner, director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any staff, official, supervisor, commissioner, director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, or the County under or by reason of any of the obligations, promises or agreements entered into in the Bond or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such trustee, staff, director, official, commissioner, supervisor, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

It is recognized that, notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor any owner of the Bond shall look to the Issuer or the County for damages suffered by the Borrower, the Trustee or such owner as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Bond or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, or for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer or the County, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its commissioners, officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person.

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a

Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.12. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the laws of the State. Venue for all litigation arising from or in connection with the Bond or this Indenture shall be in the County.

Section 11.13. Successors. Whenever in this Indenture either the Issuer, the Trustee or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer, the Trustee or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.14. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

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IN WITNESS WHEREOF, the LOS ANGELES COUNTY DEVELOPMENT AUTHORITY has caused this Indenture to be signed in its name and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, and the Bondowner Representative have each caused this Indenture to be signed in its name, all as of the day and year first above written.

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY, as Issuer

By _____
Executive Director or Designee

Print Name

Approved as to form:

Rodrigo Castro-Silva
County Counsel

Deputy

[Issuer's Signature Page to *Essex Tower* Indenture of Trust]

[Trustee's Signature Page to *Essex Tower* Indenture of Trust]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____

Name: Ashraf Almurdaah

Title: Authorized Officer

[Bondowner Representative's Signature Page to *Essex Tower* Indenture of Trust]

ZIONS BANCORPORATION, N.A. DBA
CALIFORNIA BANK & TRUST, as
Bondowner Representative

By: _____
Name:
Title:

EXHIBIT A
FORM OF BOND

THIS BOND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR (DEFINED AS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A, AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR, AND ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND IN WHOLE TO SOPHISTICATED INVESTORS IN ACCORDANCE WITH THE LIMITATIONS SET FORTH IN ARTICLE II OF THE INDENTURE HEREINAFTER DEFINED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY OR THE COUNTY OF LOS ANGELES IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND.

No. R-__

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BOND
(ESSEX TOWER APARTMENTS)
2021 SERIES B

REGISTERED OWNER: ZIONS BANCORPORATION, N.A. DBA CALIFORNIA
BANK & TRUST

PRINCIPAL SUM: UP TO [EIGHT MILLION] DOLLARS (\$[8,000,000])

ISSUE DATE: [____], 2021

INTEREST RATE: VARIABLE

The Los Angeles County Development Authority, a public body corporate and politic, (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [____] 1, 20[___] (subject to prior redemption as provided in the Indenture) the sum of up to [Eight Million] Dollars (\$[8,000,000]) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the interest rates described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner Representative under the Indenture and the Loan Agreement to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Promissory

Note dated as of [_____] 1, 2021, made by Cherry On Top, LP, a California limited partnership (the “Borrower”), to the order of the Issuer.

This Bond shall bear interest, as described below and in the Note. Interest on the Bond shall be computed on the basis of a 360-day year and actual days elapsed.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then Outstanding Balance at a default rate (the “Default Rate”) equal to the interest rate then in effect under this Bond plus five percent; provided, however, that such rate shall under no circumstances exceed the lesser of 12% per annum or such other maximum rate permitted by law. Upon a Notice of Taxability, as defined in the Note, this Bond shall bear interest the Taxable Rate as defined in the Note, provided, however, that such rate shall under no circumstances exceed the lesser of 12% per annum or such other maximum rate permitted by law.

This Bond shall be subject to prepayment: (i) via monthly mandatory sinking fund redemption in the amounts and as the dates set forth in the Note; and (ii) as otherwise provided in the Note.

Notwithstanding any provision of this Bond or the Indenture to the contrary, the Issuer shall be permitted to direct Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of this Bond. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

This Bond is a duly authorized bond of the Issuer designated as “Los Angeles County Development Authority Multifamily Housing Revenue Bond (Essex Tower Apartments), 2021 Series B” (the “Bond”), in the initial maximum principal amount of up to \$[8,000,000]. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the Board of Commissioners of the Issuer (the “Resolution”) and issued under and secured by an Indenture of Trust, dated as of [_____] 1, 2021 (the “Indenture”), among the Issuer, U.S. Bank National Association, as the Trustee and Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of the Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bond will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of [_____] 1, 2021 (the “Loan Agreement”) among the Issuer, Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative and Lender, and the Borrower, to finance the

acquisition and construction of a residential rental project located in the City of Lancaster, County of Los Angeles, California.

THIS BOND IS ISSUED IN ACCORDANCE WITH THE ACT AND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF AND NOT FROM ANY OTHER REVENUES, INCOME OR RECEIPTS OF THE ISSUER. NEITHER THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. NONE OF THE ISSUER, THE COUNTY OF LOS ANGELES, THE STATE, ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT SET FORTH AS DESCRIBED IN THIS PARAGRAPH) OR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THIS BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS DESCRIBED IN THIS PARAGRAPH, AND NONE OF THIS BOND OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

This Bond shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of this Bond need be given to the registered owner of this Bond, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

The principal of this Bond may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner Representative from time to time. The Bondowner Representative shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under the Bond may not exceed \$[8,000,000] at any time and no

portion of the purchase price therefor shall be funded after December 31, 2024, unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond.

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair of the Board of Commissioners and attested by the manual or facsimile signature of its Secretary all as of the date first written above.

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY

By _____
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk of the
Board of Commissioners

Deputy

FORM OF CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within-mentioned Indenture and has been authenticated and registered on _____.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name:

Title:

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within Bond and do(es) hereby irrevocably constitute and appoint attorney,

_____ to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE OF DRAWINGS

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Outstanding Principal</u>	<u>Signature of Trustee</u>
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EXHIBIT B
FORM OF INVESTOR’S LETTER

[Date]

Los Angeles County Development Authority
Los Angeles, California

Kutak Rock LLP
Omaha, Nebraska

U.S. Bank National Association
Los Angeles, California

\$[8,000,000]
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby represents and warrants to you as follows:

1. The Investor proposes to purchase all of the aggregate principal amount of the above-captioned bond (the “Bond”) issued pursuant to that certain Indenture of Trust dated as of [_____] 1, 2021 (the “Indenture”), by and among the Los Angeles County Development Authority (the “Issuer”), U.S. Bank National Association, as Trustee and Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative (the “Bondowner Representative”). The Investor understands that the Bond is not rated by any securities rating agency and is secured only by the Essex Tower and the revenues therefrom, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the “Offering Information”). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any “due diligence investigation or inquiry” by the Issuer, by each official of the Issuer, by each employee of the Issuer, by each member of the governing board of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee, the Bondowner Representative, counsel to the Bondowner Representative and Bond

Counsel in connection with the authorization, execution and delivery of the Bond and Investor's purchase of the Bond. The Investor recognizes and agrees that the Issuer, by each official of the Issuer, each employee of the Issuer, each member of the governing board of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee, the Bondowner Representative, counsel to the Bondowner Representative and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor's purchase of the Bond. In making an investment decision, the Investor is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer and the Borrower regarding the terms and conditions of the Bond, and the Investor has obtained all additional information requested by it in connection with the Bond.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

5. The Investor is purchasing the Bond solely for its own account for investment purposes and has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole and in accordance with the Indenture, including Article II thereof, to a single investor, which must execute and deliver to the parties addressed above a form of this Investor's Letter.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor acknowledges that written consent of the Issuer is required in order to transfer the Bond.

7. The Investor: is a Sophisticated Investor as defined in the Indenture and understands that the Bond may be offered, resold, pledged or transferred only in whole and only to a person who is a Sophisticated Investor as defined in the Indenture.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor's Letter in the form of this Letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor's Letter and the written consent of the Issuer.

9. Neither the Bondowner Representative, the Trustee, Bond Counsel, counsel to the Issuer, the Issuer, its governing body, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the Project, the Issuer, the Borrower or their financial conditions or regarding the Bond, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the Offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bond; and (b) the Offering Information and any additional information specifically requested from the Issuer or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the Issuer, the Project and the Borrower) prior to its purchase of the Bond, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bond.

10. The Investor understands that (a) the Bond has not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Bond, and the Investor acknowledges that the Bond is a speculative investment and that there is a high degree of risk in such investment.

11. The Investor acknowledges that the Bond is a limited obligation of the Issuer, payable solely from the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Issuer, the County, the State or any political subdivision of the State. The Investor acknowledges that the Issuer is issuing the Bond on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

12. The Investor has the authority to purchase the Bond and to execute this letter and other documents and instruments required to be executed by the Investor in connection with its purchase of the Bond. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to cause the Investor to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Investor.

13. The Investor agrees to indemnify and hold harmless the County, the Issuer, the Issuer's staff, commissioners, supervisors, officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer past, present and future with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bond in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

[_____], as Bond Purchaser

By: _____

Name:

Title:

EXHIBIT C

FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

DRAW NUMBER []

To: U.S. Bank National Association, as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of [_____] 1, 2021 (the “Indenture”), among the Trustee, the Los Angeles County Development Authority and Zions Bancorporation, N.A. dba California Bank & Trust, as the initial Bondowner Representative.

1. You are requested to disburse funds from the Bond Proceeds Account of the Construction Fund pursuant to Section 3.03 of the Indenture as Draw Number [] in the aggregate amount of \$[_____] in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. Capitalized terms not defined herein have the meanings assigned thereto in the Indenture.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the acquisition, equipping or construction of the Project, each item is a proper charge against the Construction Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Bond plus (B) all amounts allocated to the Bond previously disbursed from the Construction Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement; and

(vii) such requisition complies with all applicable requirements of the Regulatory Agreement including, without limitation, Section 7(j) thereof, as well as with all applicable requirements of the Loan Agreement and the Tax Certificate.

3. The Borrower has obtained written consent of the Bondowner Representative to this disbursement, as evidenced by its signature below.

Dated: _____

CHERRY ON TOP, LP, a California limited partnership

By: InSite Development, LLC, a California limited liability company, its Co-General Partner

By: _____
Name: Steven Eglash
Title: Managing Member

By: Housing Corporation of America, a Utah nonprofit corporation, its Managing General Partner

By: _____
Name: Carol Cromar
Title: President

APPROVED:

ZIONS BANCORPORATION, NA.
CALIFORNIA BANK & TRUST,
as Bondowner Representative

By: _____
Name:
Title:

SCHEDULE I

<u>Amount</u>	<u>Person</u>	<u>Purpose</u>

EXHIBIT D

MULTI-FAMILY BOND POLICIES AND PROCEDURES

BOND SECURITY, BOND RATING AND CREDIT ENHANCEMENT

A. Bond Security

LACDA issues bonds solely on a conduit basis. Repayment of principal and interest on bonds issued by LACDA will not be secured by any assets of the County of Los Angeles or LACDA but by the proceeds generated by the collateral or the collateral itself.

B. Bond Rating and Credit Enhancement Requirements

LACDA requires that bonds for which it acts as issuer be both credit enhanced and have a minimum rating in the “A” category by Standard and Poor’s (equivalent Moody’s or other bona fide agency rating also acceptable), except as noted below. LACDA reserves the right to impose these minimum requirements on bond issues for which LACDA or the County holds a TEFRA hearing.

Credit enhancement may take any number of forms, including a letter of credit (LOC), mortgage backed security (MBS), collateral pledge, bond insurance, etc. The bond rating must be obtained by the closing of the bond issue.

For bond issues that do not meet these minimum requirements, the following requirements shall apply:

1. There may not be more than one bondholder initially and not more than one subsequently.
2. The bonds must be purchased by an entity meeting the definition of a “Qualified Institutional Buyer” as defined in Section 144A(a) of the Securities Act of 1933.
3. The bondholder must provide an investor letter in a form acceptable to LACDA wherein it acknowledges having sufficient knowledge and experience to evaluate the real estate investment.
4. LACDA must approve all transfers of bond ownership.
5. Subsequent bondholders must be a “Qualified Institutional Investor” and sign an investor letter and certify that they have reviewed the financial feasibility of the project and understand the risks.
6. There must always be a trustee, selected by LACDA.
7. The developer must indemnify LACDA, County of Los Angeles, staff, directors, officials, officers, and employees against any lawsuit initiated by the bondholder or any party, regardless of whether or not the developer is negligent.

8. Unrated bonds will not be issued to finance any portion of a continuing care retirement facility.
9. The developer entity shall not be related to the bondholder.
10. The following redemption provisions would apply:
 - A default under the loan agreement would not be defined as a bond default, even though full payments were not being made on the bonds.
 - The bondholder would be free to work out a loan default situation with the current project owner or through foreclosure of the project and its sale to a new owner, while keeping the bonds and regulatory agreement outstanding.
 - In the event a workout cannot be achieved, the documents would allow the bondholder to cause a mandatory redemption of the bonds through a deemed redemption mechanism.
 - If the interest on the bonds ever were determined to be taxable, bonds would be subject to mandatory redemption at the sole direction of LACDA.

LOAN AGREEMENT

among

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,

as the Issuer

ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST,

as initial the Bondowner Representative

and

CHERRY ON TOP, LP,
a California limited partnership,

as the Borrower

Dated as of [_____] 1, 2021

relating to:

[\$8,000,000]

Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

The interests of the Issuer in this Agreement and the Note, excluding the Reserved Rights, have been assigned to U.S. Bank National Association, as trustee, pursuant to an Assignment of Deed of Trust and Related Documents dated as of [_____] 1, 2021 by the Issuer for the benefit of U.S. Bank National Association, as trustee.

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS

Section 1.01. Defined Terms 2

ARTICLE II
ISSUANCE OF BOND; PAYMENT OF ISSUANCE AND OTHER COSTS; ASSIGNMENTS
BY THE ISSUER

Section 2.01. Issuance of Bond..... 4
Section 2.02. No Warranty by the Issuer 4
Section 2.03. Payment of Costs of Issuance by the Borrower 5
Section 2.04. Assignment of Certain Rights 6
Section 2.05. Issuer Fees..... 6
Section 2.06. Payment of Other Amounts by the Borrower 6

ARTICLE III
DISBURSEMENT

Section 3.01. Disbursement by Bondowner Representative 6
Section 3.02. Developer Fee 6
Section 3.03. Limitations on Disbursements 7

ARTICLE IV
COVENANTS OF BORROWER

Section 4.01. Indemnity 7
Section 4.02. Certain Government Regulations..... 10
Section 4.03. Sale of Bond in Secondary Market 10

ARTICLE V
REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

Section 5.01. Tax Status of Bond..... 11
Section 5.02. Incorporation of Tax Certificate 11
Section 5.03. Tax Covenants 11

ARTICLE VI
DEFAULT AND REMEDIES

Section 6.01. Events of Default 13
Section 6.02. Remedies 14
Section 6.03. Waiver of the Right of Setoff..... 16
Section 6.04. Assumption of Obligations 16

ARTICLE VII
PLEDGED ACCOUNTS; RESERVE ACCOUNTS

Section 7.01.	Grant of Security Interest.....	16
Section 7.02.	[Reserved	16
Section 7.03.	[Reserved	16
Section 7.04.	Reserve Accounts.....	16

ARTICLE VIII
MISCELLANEOUS

Section 8.01.	No Waiver; Consents	17
Section 8.02.	Purpose and Effect of the Bondowner Representative’s Approval	17
Section 8.03.	Singular and Plural.....	17
Section 8.04.	No Third Parties Benefited	17
Section 8.05.	Notices	17
Section 8.06.	Authority to File Notices	17
Section 8.07.	Actions	18
Section 8.08.	Legal and Other Expenses	18
Section 8.09.	Applicable Law.....	18
Section 8.10.	Time of Essence.....	18
Section 8.11.	Force Majeure	18
Section 8.12.	Integration and Amendments; Conflicts	19
Section 8.13.	Binding Effect; Successors and Assigns; Disclosure.....	19
Section 8.14.	Captions	19
Section 8.15.	Incorporation.....	19
Section 8.16.	Relationship of Parties; No Fiduciary Duty.....	19
Section 8.17.	Limitation on the Issuer’s Liability.....	20
Section 8.18.	Counterparts.....	22
Section 8.19.	City of Lancaster.....	22

ARTICLE IX
WAIVER OF JURY TRIAL; JUDICIAL REFERENCE

ARTICLE X
WAIVER OF SPECIAL DAMAGES

ARTICLE XI
USA PATRIOT ACT NOTIFICATION

EXHIBIT A - LEGAL DESCRIPTION
EXHIBIT B – ACCOUNTS

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Agreement”) is made and entered into and dated as of [_____] 1, 2021, by and among the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successors and assigns, as issuer of the Bond, the “Issuer”); **ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST**, and its successors and assigns (the “Bondowner Representative”), and **CHERRY ON TOP, LP**, a California limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the Issuer is a public body, corporate and politic, organized and existing under its charter and the laws of the State of California (the “State”); and

WHEREAS, in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the Issuer is empowered to issue its revenue bonds to finance the acquisition, construction, equipping and development of multifamily rental housing; and

WHEREAS, the Borrower has requested the Issuer to issue its Multifamily Housing Revenue Bond (Essex Tower Apartments) 2021 Series B (the “Bond”) for the purpose of making a loan (the “Loan”) to finance, in part, the acquisition and construction of a multifamily seniors rental housing project known as the Essex Tower, located at 44948 10th Street West in the City of Lancaster, County of Los Angeles, California, on land which is more particularly described on Exhibit A (the “Land”) which Land, together with the improvements to be constructed thereon (the “Improvements”) is collectively referred to as the “Property” or the “Project” and the Bond shall be issued pursuant to an Indenture of Trust dated as of [_____] 1, 2021 by and among the Issuer, U.S. Bank National Association, as trustee (“Trustee”) and the Bondowner Representative (the “Indenture”); and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bond and lend the proceeds thereof to the Borrower for the purposes described above under the terms and conditions contained in this Agreement; and

WHEREAS, to evidence the Loan, the Borrower is executing in favor of the Issuer, that certain promissory note payable to the order of the Issuer in the original maximum principal amount of \$[8,000,000] (the “Note”), which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bond, and the Borrower has executed or caused to be executed and delivered to the Issuer the [Construction Trust Deed, with Assignment of Rents, Security Agreement and Fixture Filing] (the “Deed of Trust”) with respect to the Project, which Deed of Trust shall be assigned by the Issuer to the Trustee as trustee pursuant to that certain Assignment of Deed of Trust and Related Documents (the “Assignment of Deed of Trust”), dated as of [_____] 1, 2021, to secure, among other things, the payments due under the Note and this Agreement; and

WHEREAS, the execution and delivery of this Agreement and the issuance of the Bond have been duly and validly authorized by the Issuer.

NOW, THEREFORE, the Issuer, the Borrower and the Bondowner Representative, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Defined Terms. Capitalized terms used in this Agreement and not otherwise defined have the meanings set forth for those terms in the Indenture.

“*Act*” has the meaning set forth in the recitals to this Agreement

“*Affiliate*” means any person or entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, another identified person or entity. A person or entity will be deemed to control a corporation or other entity if such person or entity possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

“*Agreement*” has the meaning set forth in the preamble to this Agreement.

“*Assignment of Deed of Trust*” has the meaning set forth in the recitals to this Agreement.

“*Bond*” has the meaning set forth in the recitals to this Agreement.

“*Bondowner Representative*” means Zions Bancorporation, N.A. dba California Bank & Trust, a California banking corporation and successors as defined in Section 1.01 of the Indenture.

“*Borrower*” has the meaning set forth in the preamble to this Agreement.

“*Borrower’s Governing Agreement*” means that Amended and Restated Agreement of Limited Partnership, under which the Investor Limited Partner is admitted as a limited partner of the Borrower, which agreement is to be executed and delivered substantially concurrently with the execution and delivery of this Agreement, as such agreement may be further amended from time to time.

“*Code*” has the meaning set forth in the Indenture.

“*Deed of Trust*” has the meaning set forth in the recitals to this Agreement.

“*Default*” has the meaning set forth in Section 6.01.

“*Default Rate*” means the Default Rate set forth in the Note and, if more than one Default Rate is set forth in the Note, the highest thereof, but in no event higher than the “Default Rate” as defined in the Indenture.

“*Developer Fee*” has the meaning set forth in Section 3.02.

“*Disbursement Agreement*” means that Disbursement Agreement dated as of [_____] 1, 2021 between the Borrower and the Bondowner Representative.

“*Disbursements*” means disbursements of funds by the Bondowner Representative to pay total Project Costs, which disbursements are made from proceeds of the Loan or other funds held by the Bondowner Representative in Pledged Accounts that are available for that purpose.

“*Draw Request*” means a disbursement request as described in Exhibit B to the Disbursement Agreement.

“*Event of Default*” has the meaning set forth in Section 6.01.

“*Guarantor*” has the meaning set forth in the Disbursement Agreement.

“*Guaranty*” has the meaning set forth in the Disbursement Agreement.

“*Improvements*” has the meaning set forth in the recitals to this Agreement.

“*Indemnified Costs*” means all liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), incurred by any Indemnified Party in connection with the Loan or the Loan Documents.

“*Indemnified Parties*” means the Trustee, the Issuer, the City of Lancaster, the County, and its staff, officers, commissioners, members, supervisors, directors, officials, employees, counsel, attorneys, accountants, financial advisors, staff, members of its governing body and agents, past, present and future, and its successors and assigns, as well as the Bondowner Representative, its parents, subsidiaries and other Affiliates, assignees of the Bondowner Representative’s interest in the Bond or the Loan, owners of participation or other interests in the Loan, and the officers, directors, employees, attorneys and agents of each of them.

“*Indenture*” has the meaning set forth in the recitals to this Agreement.

“*Investor Limited Partner*” has the meaning set forth in the Indenture.

“*Issuer*” has the meaning set forth in the preamble to this Agreement.

“*Land*” has the meaning set forth in the recitals to this Agreement.

“*Loan*” has the meaning set forth in the recitals to this Agreement.

“*Loan Closing*” means the issuance of the Bond and the recording of the Deed of Trust.

“*Loan Documents*” means, collectively, this Agreement, the Disbursement Agreement, the Note, the Deed of Trust, the other Security Documents and all other documents that evidence, guarantee or secure the Loan.

“*Loan Proceeds*” means the proceeds of the Loan in the maximum principal amount set forth in this Agreement.

“*Note*” has the meaning set forth in the recitals to this Agreement.

“*Pledged Accounts*” has the meaning set forth in Exhibit B.

“*Project*” has the meaning set forth in the recitals to this Agreement.

“*Property*” has the meaning set forth in the recitals to this Agreement.

“*Regulatory Agreement*” means that Regulatory Agreement and Declaration of Restrictive Covenants dated as of [_____] 1, 2021 among the Issuer, the Borrower and the Trustee.

“*Security Documents*” means the Deed of Trust, such assignments of the Project contracts as the Bondowner Representative may require and such other security documents as the Bondowner Representative may require as security for the Loan, the Note and related obligations.

“*State*” has the meaning set forth in the recitals to this Agreement.

“*Treasury Regulations*” means Title 26 of the Code of Federal Regulations.

“*Trustee*” has the meaning set forth in the recitals to this Agreement.

“*Trustee Ongoing Fee*” means that ongoing fee of \$3,250, payable annually in advance commencing on the Closing Date and then on each [_____] 1, thereafter.

ARTICLE II

ISSUANCE OF BOND; PAYMENT OF ISSUANCE AND OTHER COSTS; ASSIGNMENTS BY THE ISSUER

Section 2.01. Issuance of Bond. Upon execution of this Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to issuance, or as soon thereafter as practicable, the Issuer will execute the Bond and the Trustee will authenticate and deliver the Bond to the Bondowner Representative, or to its order, upon payment of the purchase price and filing with the Bondowner Representative of the opinion of Bond Counsel as to the legality of the Bond and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bond will be deposited with the Trustee and disbursed in accordance with the Indenture and this Agreement.

Section 2.02. No Warranty by the Issuer. THE BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE

FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, THE BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR THE ISSUER IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON THE ISSUER FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON THE ISSUER IN ANY MANNER EXCEPT TO ISSUE THE BOND IN ORDER TO PROVIDE FUNDS FOR THE LOAN.

Section 2.03. Payment of Costs of Issuance by the Borrower. The Borrower agrees that it will provide any and all funds required for the prompt and full payment of all costs of issuance of the Bond not otherwise paid from proceeds of the Bond, including, but not limited to, the following items:

(a) all reasonable legal (including Bond Counsel and counsel to the Borrower, the Issuer, County counsel, the Trustee, and the Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by the Borrower, the Issuer, the Bondowner Representative on or before or in connection with issuance of the Bond;

(b) premiums on all insurance required to be secured and maintained during the term of this Agreement;

(c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection with this financing (other than a tax on the income of the Issuer or the Bondowner Representative);

(d) all reasonable initial fees and expenses of the Bondowner Representative, the Issuer and the Trustee (including, without limitation, the Issuer's initial fee referred to in Section 7(n) of the Regulatory Agreement);

(e) [reserved]; and

(f) fees payable to the California Debt Limit Allocation Committee (“CDLAC”), the California Debt and Investment Advisory Commission (“CDIAC”) and the California Tax Credit Allocation Committee (“CTCAC”) with respect to the Bond and the financing of the Project; and other reasonable costs of issuance of the Bond.

Section 2.04. Assignment of Certain Rights. Pursuant to the Indenture and the Assignment of Deed of Trust, the Issuer has assigned the Revenues and has assigned, without recourse or liability, to the Trustee, certain of the Issuer’s rights under this Agreement and the Note, including the right to receive certain payments hereunder (but excluding the Reserved Rights, among them the Issuer’s rights to payments under Sections 2.05, 2.06, 4.01 and 8.08 of this Agreement, which have not been assigned), and hereby directs the Borrower to make payments, required herein or under the Note to be made to the Issuer, either to the Trustee or as otherwise directed by the Bondowner Representative. The Borrower assents to such assignment and will make such payments under this Agreement directly to the Trustee or as otherwise directed by the Bondowner Representative without defense or set off by reason of any dispute between the Borrower, the Issuer, the Trustee, or the Bondowner Representative.

Section 2.05. Issuer Fees. The Borrower shall timely pay the fees payable to the Issuer pursuant to Sections 7(n) and (o) of the Regulatory Agreement as and when billed by the Trustee.

Section 2.06. Payment of Other Amounts by the Borrower. The Borrower shall promptly and timely pay all other amounts due to the Issuer, the Trustee (including, but not limited to the Trustee Ongoing Fee), the Rebate Analyst, the Bondowner Representative or any of them under the Indenture, the Note, Disbursement Agreement, Regulatory Agreement and any other of the Loan Documents. The Borrower shall be personally liable under this Agreement, the Note, the Deed of Trust and all other Loan Documents for the repayment of amounts owing under this Agreement, the Note or for the performance of any other obligations of the Borrower under this Agreement, the Note, the Deed of Trust and the other Loan Documents.

ARTICLE III

DISBURSEMENT

Section 3.01. Disbursement by Bondowner Representative. The Bondowner Representative shall make or authorize disbursements of the Loan upon satisfaction (or waiver by the Bondowner Representative) of the conditions set forth in the Disbursement Agreement, but in all cases in compliance with the terms of the Indenture.

Section 3.02. Developer Fee. Notwithstanding anything to the contrary contained in the Borrower’s Governing Agreement or any other document, except to the extent otherwise set forth below, for so long as the Loan and all interest accrued thereon and other amounts payable by the Borrower in connection therewith have not been paid in full, the Borrower will not pay any developer fee, developer overhead, developer profit or similar amount (collectively, “Developer Fee”) to any Affiliate of the Borrower in an aggregate amount in excess of \$[_____]. So long

as no Event of Default has occurred and is continuing, the Borrower may make payments of Developer Fee as follows:

(a)	At Loan Closing:	[\$710,799]
(b)	At 100% completion of improvements:	[\$156,235]
(c)	Upon conversion and payoff of the Loan:	[\$731,239]
(d)	Deferred in accordance with the Borrower's Governing Agreement:	[\$136,395]
	Total:	[\$1,734,068]

Section 3.03. Limitations on Disbursements. Notwithstanding recording of the Deed of Trust or anything contained in this Agreement, the Bondowner Representative will not be required to make any Disbursement unless and until the Borrower has satisfied all applicable conditions to such Disbursement set forth in the Disbursement Agreement. No Disbursement of the Loan shall be made after December 31, 2024, notwithstanding anything to the contrary contained in any construction contract or any other document unless there is first delivered to the Trustee an opinion of Bond Counsel to the effect that such Disbursement will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

ARTICLE IV

COVENANTS OF BORROWER

The Borrower will keep and perform each of the covenants set forth below, except to the extent that the Bondowner Representative hereafter specifically waives compliance in writing, which waiver may be given or withheld by the Bondowner Representative in its sole discretion.

Section 4.01. Indemnity. The Borrower releases the Issuer and the County, regardless of whether the Borrower is negligent, the Trustee, the City of Lancaster and their respective staff, officers, members, supervisors, commissioners, directors, officials, employees, counsel, attorneys and agents, past, present and future (and as to the Issuer, members of its governing body) and any person who controls the Issuer or the Trustee within the meaning of the Securities Act, from, and covenants and agrees, without limiting the indemnity provided in the Regulatory Agreement, to indemnify, hold harmless and defend the City of Lancaster, the County, the Issuer, the Trustee and their respective staff, officers, members, supervisors, commissioners, directors, officials, employees, counsel, attorneys and agents, past present and future of each of them and any person who controls such party within the meaning of the Securities Act and employees and each of them (each an "Indemnified Party") from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney's fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

(a) the transactions provided for in the Loan Documents or the Indenture or otherwise in connection with the Project, the Bond, the Loan or the execution and delivery or amendment of any other document entered into in connection with the transactions provided for in the Indenture or the Loan Documents (provided no indemnity shall be required for claims due to nonpayment of the Note);

(b) the approval of the financing for the Project or the making of the Loan;

(c) the issuance and sale of the Bond or any certifications or representations made by any person other than the party seeking indemnification;

(d) any and all claims arising in connection with the interpretation, performance, enforcement, breach, default or amendment of the Indenture, the Loan Documents or any other documents relating to the Project or the Bond or in connection with any federal or state tax audit or any questions or other matters arising under such documents (provided no indemnity shall be required for claims due to nonpayment of the Note);

(e) the carrying out by the Borrower of the transaction provided for in the Indenture or the Loan Documents;

(f) the Trustee's acceptance or administration of the trust created by the Indenture or the exercise of its powers or duties under the Indenture or under this Agreement, the Regulatory Agreement or any other agreements to which it is a party or otherwise in connection with the transactions provided for in the Indenture or the Loan Documents except for claims arising from the Trustee's administration where such is a result of actions contrary to the Trustee's duties and obligations;

(g) any and all claims arising in connection with the issuance and sale of the Bond or any certifications or representations made by any person other than the Indemnified Party seeking indemnification, including, without limitation, any statement or information made by the Borrower with respect to the Borrower or the Project in any offering document or materials regarding the initial offering of the Bond (in connection with their issuance under the Indenture), the Project or the Borrower or the Tax Certificate executed by the Borrower or any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect and any untrue statement or alleged untrue statement of a material fact by the Borrower relating to the Borrower or the Project contained in any offering material relating to the initial offering of the Bond, as from time to time amended or supplemented with information provided by the Borrower, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to the Borrower or the Project required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, or failure to properly register or otherwise qualify the sale of the Bond or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bond could be sold and the carrying out by the Borrower of any of the transactions contemplated by the Indenture or the Loan Documents;

(h) the Borrower's failure to comply with any requirement of this Agreement or the Regulatory Agreement (provided no indemnity shall be required for claims due to nonpayment of the Note);

(i) any act or omission of the Borrower or any of its agents, servants, employees or licensees in connection with the Loan or the Project, including violation of any law, ordinance, court order or regulation affecting the Project or any part of it or the ownership, occupancy or use of it (provided no indemnity shall be required for claims due to nonpayment of the Note);

(j) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of the Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition and construction or management of the Project, the issuance of the Bond or otherwise in connection with the transaction contemplated or otherwise in connection with the Project, the Bond or the execution or amendment of any document relating to the Project or the Bond;

(k) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project; and

(l) any and all claims arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or supervision of work done in or about, or from the planning, design, acquisition, rehabilitation, construction, repair or equipping of, the Project or any part of it, including, but not limited to, the Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought with respect to such claim, except:

(i) in the case of the foregoing indemnification of Trustee or any of its related Indemnified Parties to the extent such damages are caused by the negligence or willful misconduct of such Person; and

(ii) in the case of the foregoing indemnification of the Issuer or any of its related Indemnified Parties, to the extent such damages are caused by the gross negligence or willful misconduct of the Issuer.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense of the action or proceeding, including the employment of counsel selected by the Borrower, subject to the approval of the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer,

and the Trustee, as appropriate, shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and other than the Issuer, the City of Lancaster, or the County, the Borrower shall only be obligated to pay the reasonable fees and expenses of such separate counsel if (A) the Indemnified Party, upon the advice of counsel, determines that a conflict of interest exists between the interests of the Indemnified Party and the interests of the Borrower or (B) such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

The Borrower understands and agrees that the foregoing release includes all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, and the Borrower has read and understands, and hereby waives the benefits of, Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

The Borrower acknowledges that it may hereafter discover facts different from or in addition to those which it now knows or believes to be true with respect to the foregoing release by the Borrower and agree that the foregoing release shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof.

Nothing in this Section 4.01 shall in any way limit the Borrower’s indemnification and other payment obligations set forth in the Regulatory Agreement.

Section 4.02. Certain Government Regulations. The Borrower will not: (1) be or become subject at any time to any governmental requirements, or be included on any list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits the Bondowner Representative from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower, or (2) fail to provide documentary and other evidence of the Borrower’s identity as may be requested by the Bondowner Representative at any time to enable the Bondowner Representative to verify its identity or to comply with any such applicable requirements, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

Section 4.03. Sale of Bond in Secondary Market. The Borrower acknowledges the possibility that the Bondowner Representative may desire to facilitate the marketability of the Bond to a purchaser in the secondary market as permitted by the Indenture, and the Borrower agrees to execute such other documents as are required to effectuate such resale of the Bond by the Bondowner Representative, provided that the same do not change the economic terms of the transactions described herein or expand the liabilities of the parties hereunder.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

The Borrower promises that each and every representation and warranty set forth below is true, accurate and correct as of the date of this Agreement. Each Draw Request will be deemed to be a reaffirmation, as of the date such Draw Request is submitted to the Bondowner Representative, of each and every representation and warranty made by the Borrower in this Agreement. The Borrower represents and warrants to the Issuer and the Bondowner Representative as follows:

Section 5.01. Tax Status of Bond. The Borrower hereby covenants, represents and agrees as follows: (a) that the Borrower will not take or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bond and, if it should take or permit any such action, the Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and (b) that the Borrower will take such action or actions, including amending the Loan, the Regulatory Agreement and this Agreement, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code. The Borrower further covenants and agrees that it will direct all investments in compliance with the Code. The Borrower covenants and agrees to cause to be calculated by the Rebate Analyst and pay to the Trustee any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate and Section 6.07 of the Indenture.

Section 5.02. Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of the Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

Section 5.03. Tax Covenants. The Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bond to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) the Borrower will not use the proceeds of the Bond, or any other funds which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code, in the manner which will cause the Bond to be an “arbitrage bond” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Bond;

(b) the Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) the Borrower will pay to the United States any amount required to be paid by the Issuer or the Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes, and the Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the date required by the Code, or (ii) the date on which the Bond is no longer outstanding;

(d) the Borrower shall comply with all provisions of the Tax Certificate;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section), neither the Borrower nor any related person will purchase the Bond in an amount related to the amount of the Loan;

(f) no changes will be made to the Project, no actions will be taken by the Borrower, and the Borrower will not omit to take any actions, which will in any way adversely affect the tax exempt status of the interest on the Bond;

(g) if the Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Bond becoming includable in gross income for federal income tax purposes, the Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and the Bondowner Representative;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least 97% of the net proceeds (as defined in Section 150 of the Code) of the Bond will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than 25% of the net proceeds of the Bond will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land, (iii) not more than two percent of the proceeds of the Bond will have been used for Issuance Costs (as defined in the Indenture), and (iv) none of the proceeds (as defined for purposes of Section 147(g) of the Code) of the Bond will be disbursed to provide working capital;

(i) the Borrower will cause all of the residential units (except the one manager’s unit) in the Project to be rented or available for rental on a basis which satisfies applicable requirements of the Act, the Code and the Regulatory Agreement;

(j) all leases for the Project will comply with all applicable laws and, as applicable for units rented to low and very-low income tenants, as provided in the Regulatory Agreement;

(k) in connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Agreement or the Regulatory Agreement;

(l) no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project;

(m) no proceeds of the Bond will be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if construction expenditures (as defined in the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bond; and provided, further, that this limitation shall not apply with respect to any structure other than a building if construction expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Bond; and

(n) the Borrower shall provide no less than 30 days' written notice to CDLAC and to the Issuer prior to the redemption of the Bond, in whole or in part, on the Maturity Date.

In any matter relating to the exclusion of interest on the Bond from gross income for federal income tax purposes, the terms and provisions of the Tax Certificate and the Regulatory Agreement shall control in the event of any conflict between this Agreement and the Tax Certificate or Regulatory Agreement, as applicable.

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.01. Events of Default. Any of the following, without limitation, shall constitute an "Event of Default" (and the term "Default" shall mean any of the following, whether or not any requirement for notice or lapse of time has been satisfied); provided, that any of the Borrower's partners (if the Borrower is a limited partnership) or members (if the Borrower is a limited liability company) may, but are not obligated to, cure a Default and such cure shall be accepted by the Bondowner Representative as if made by the Borrower:

(a) Any representation or warranty made by the Borrower to or for the benefit of the Bondowner Representative herein or elsewhere in connection with the Loan, including but not limited to any representation in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect when made (or becomes incorrect or misleading in any material respect thereafter); or

(b) The Borrower shall fail to pay any sum when due under this Agreement, the Deed of Trust, the Note or any other Loan Document which is not cured within the time

provided for cure under Section 6.1 of the Disbursement Agreement, provided that the use of any reserve held hereunder, under the Indenture or the Disbursement Agreement to pay any such amount shall not be an Event of Default hereunder; or

(c) Other than a failure described in (b) above, the Borrower or any other party thereto (other than the Issuer, the Trustee or the Bondowner Representative) shall fail to perform its obligations under any other covenant or agreement contained in this Agreement, the Deed of Trust, the Note or any other Loan Document, which is not cured within any notice and cure period set forth in the other applicable document.

The Issuer, Trustee and Bondowner Representative shall accept any cure of any default or Event of Default made or tendered by the Investor Limited Partner as a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower hereunder.

Section 6.02. Remedies.

(a) ***Withholding of Disbursements.*** After the occurrence and during the continuance of an Event of Default, the Bondowner Representative's obligation to lend or disburse funds under the Loan Documents will automatically terminate, and the Bondowner Representative in its sole discretion may withhold any one or more Disbursements. The Bondowner Representative may also withhold any one or more Disbursements after the occurrence and during the continuance of a Default unless and until the Borrower cures such Default prior to the occurrence of an Event of Default. No Disbursement by the Bondowner Representative will constitute a waiver of any Default unless the Bondowner Representative agrees otherwise in writing in each instance.

(b) ***Acceleration.*** After the occurrence and during the continuance of an Event of Default, all of the Borrower's obligations under the Loan Documents will become immediately due and payable at the option of the Bondowner Representative and in the Bondowner Representative's sole discretion without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind.

(c) ***Pledged Accounts, Etc.*** After the occurrence and during the continuance of an Event of Default, the Bondowner Representative in its sole discretion, may apply the funds in the Pledged Accounts, and any other cash or cash equivalents of the Borrower or Guarantor held by or subject to the control of the Bondowner Representative (including but not limited to funds drawn under any letter of credit provided to the Bondowner Representative in connection with the Loan and funds in the Construction Fund), or any portion thereof to payment of the Borrower's obligations under the Loan Documents; provided, however, that such application of funds will not cure or be deemed to cure any Event of Default. Nothing in this Agreement will obligate the Bondowner Representative to apply all or any portion of any such funds on account of any Event of Default or to repayment of such obligations. The Borrower further agrees, and expressly acknowledges the reliance of the Bondowner Representative hereon, that any and all application of the funds in any Pledged Account or the Construction Fund to or upon any of such obligations will be, and will be irrevocably deemed to be, a realization upon and foreclosure of the

security interests and liens granted the Bondowner Representative in such funds and will not be, or be deemed to be, the exercise of a right of set-off.

(d) ***Continuation of Construction, Etc.*** After the occurrence and during the continuance of any Event of Default, the Bondowner Representative will have the right, in its sole discretion and the Trustee may, upon receipt of written direction of the Bondowner Representative, to enter and take possession of the Property, whether in person, by agent or by court-appointed receiver, and to take any and all actions that the Bondowner Representative in its sole discretion may consider necessary or appropriate to preserve and protect the Property or to complete construction of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to the Bondowner Representative's right at any time to discontinue any work without liability. In addition, with or without taking possession of the Property, the Bondowner Representative will have the right but not the obligation to cure any and all defaults by the Borrower under any of the requirements, the Project contracts or other contracts relating to the Property. If the Bondowner Representative or the Trustee chooses to complete construction of the Improvements or to cure any of such defaults, the Bondowner Representative or the Trustee will not assume any liability to the Borrower or any other person or entity for completing construction of the Project, or for the manner or quality of their construction, or for curing any such defaults, and the Borrower expressly waives any such liability. If the Bondowner Representative or the Trustee exercises any of the rights or remedies provided in this subsection, that exercise will not make the Bondowner Representative or the Trustee, or cause the Bondowner Representative or the Trustee to be deemed to be, a partner or joint venturer of the Borrower or a mortgagee in possession. The Bondowner Representative in its sole discretion, or the Trustee at the written direction of the Bondowner Representative, may choose to complete construction in its own name. All sums expended by the Bondowner Representative or the Trustee in completing construction or curing the Borrower's defaults will be considered to have been an additional Disbursement to the Borrower bearing interest at the Default Rate and will be secured by the Loan Documents. For these purposes the Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the budget contained in the Disbursement Agreement, and may make use of any available the Borrower's sources of funds.

(e) ***Other Remedies; Cumulative Remedies.*** After the occurrence of an Event of Default, the Bondowner Representative may exercise, or direct the Trustee in writing to exercise, any and all other rights and remedies available to it under any of the Loan Documents or under applicable law. All rights and remedies available to the Bondowner Representative will be cumulative and not exclusive.

(f) ***Delegation of Enforcement Rights.*** The Issuer acknowledges that the Bondowner Representative, by making funds available to the Borrower by means of the Bondowner Representative's purchase of the Bond under the Indenture is in effect the party making the Loan to the Borrower. Accordingly, the Issuer hereby delegates to the Bondowner Representative the exercise of all the rights and remedies exercisable by either the Issuer or the Trustee under the Loan Documents (except for the "Reserved Rights" as defined in the Indenture), including, without limitation, approval rights under the Loan

Documents and all rights and remedies under the Loan Documents arising from a Default or Event of Default, including those rights and remedies set forth Sections 3.6, 3.9, 3.12 and 3.13 of the Deed of Trust, and as otherwise provided in the Note.

Section 6.03. Waiver of the Right of Setoff. The Borrower will make all payments provided for under the terms of this Agreement, the Note and the other Loan Documents without offset or deduction. In the event of any litigation by the Bondowner Representative to enforce the terms of the Loan Documents, the Borrower will not assert any counterclaim against the Bondowner Representative therein (other than compulsory counterclaims), but will assert the same only by means of a separate action.

Section 6.04. Assumption of Obligations. In the event the Trustee or the Bondholder or its respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall have the right, to be exercised in its sole discretion, to succeed to the rights and the obligations of the Borrower under this Agreement, the Note, the Regulatory Agreement and any other Bond documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Bond documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee or the Bondowner Representative or their respective assignees or designees becomes the owner of the Project and exercises its right, in its sole discretion, to assume the obligations identified above, and the Note, the Bond and the other Bond documents remain outstanding.

ARTICLE VII

PLEGGED ACCOUNTS; RESERVE ACCOUNTS.

Section 7.01. Grant of Security Interest. The Borrower hereby pledges and assigns to the Bondowner Representative, and grants the Bondowner Representative a security interest in and lien upon each of the Pledged Accounts and all funds from time to time on deposit therein to secure all of the Borrower's obligations under the Note, this Agreement and the other Loan Documents. All income taxes payable with respect to income on each Pledged Account, if any, will be paid by the Borrower. The tax identification number associated with each Pledged Account will be that of the Borrower. If required by the Bondowner Representative, the Borrower shall execute the Bondowner Representative's form of Assignment of Deposit Account with respect to each of the Pledged Accounts.

Section 7.02. [Reserved].

Section 7.03. [Reserved].

Section 7.04. Reserve Accounts. If the Borrower deposits or causes to be deposited with the Bondowner Representative any operating and reserve accounts for the Project, that do not

constitute Pledged Accounts, the Bondowner Representative will not have a security interest in any such account unless such a security interest is created by a writing that specifically grants to the Bondowner Representative a security interest in the account in question as security for the Loan. Nothing herein constitutes a waiver by the Bondowner Representative of any right of setoff against any such account.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Waiver; Consents. Each consent or waiver by the Bondowner Representative of any of its rights or remedies under this Agreement or the other Loan Documents must be in writing and executed by the Bondowner Representative, and no waiver will be construed as a continuing waiver. No waiver will be implied from the Bondowner Representative's delay in exercising or failure to exercise any right or remedy against the Borrower or any security. Consent by the Bondowner Representative to any act or omission by the Borrower will not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for the Bondowner Representative's consent to be obtained in any future or other instance.

Section 8.02. Purpose and Effect of the Bondowner Representative's Approval. The Bondowner Representative's approval of any matter in connection with the Loan will be for the sole purpose of protecting the Bondowner Representative's security and rights. In no event will the Bondowner Representative's approval be a representation of any kind with regard to the matter being approved. Without limiting the generality of the preceding sentence, the Borrower acknowledges that the Bondowner Representative has no duty to the Borrower or any third party regarding compliance with laws or regulations affecting low income housing tax credits or any other tax matter with respect to the Loan or the Project.

Section 8.03. Singular and Plural. As used in this Agreement and the other Loan Documents, singular terms include the plural and vice versa as the context may require.

Section 8.04. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the Issuer in its said capacity, the Bondowner Representative, the Borrower, and their permitted successors and assigns. No trust fund is created by this Agreement and no other persons or entities will have any right of action under this Agreement or any right to the Loan Proceeds. The Bondowner Representative will not be obligated to provide any assurances, commitments, obligations or agreements to or for the benefit of any person or entity other than the Borrower.

Section 8.05. Notices. All notices given under this Agreement must be in writing and given as provided in the Indenture with respect to the giving of notices thereunder.

Section 8.06. Authority to File Notices. The Borrower irrevocably appoints the Bondowner Representative as its attorney-in-fact, with full power of substitution, to file for record, at the Borrower's cost and expense and in the Borrower's name, any notices of commencement or completion, notices of cessation of labor, or any other notices that the Bondowner Representative

in its sole discretion may consider necessary or desirable to protect its security for the Loan, if the Borrower fails to do so.

Section 8.07. Actions. The Issuer, the Trustee and the Bondowner Representative will have the right, but not the obligation, to commence, appear in, and defend any action or proceeding that might affect its security or its rights, duties or liabilities relating to the Loan, the Property or any of the Loan Documents. The Borrower will pay promptly on demand all of the Issuer's, the Trustee's and the Bondowner Representative's reasonable out-of-pocket costs, expenses, and reasonable attorneys' fees and all expenses of the Issuer's and the Bondowner Representative's respective counsel incurred in those actions or proceedings.

Section 8.08. Legal and Other Expenses. The Borrower will reimburse the Issuer, the Trustee and the Bondowner Representative within five days after written demand for all costs and expenses reasonably incurred by the Issuer, the Trustee, the Bondowner Representative or either of them in connection with the administration, interpretation, enforcement or performance of the Loan. Without limiting the generality of the foregoing in the event of any Default, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the Loan Documents, the Issuer, the Trustee and the Bondowner Representative will be entitled to collect from the Borrower on demand all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, the Borrower will pay all such reasonable costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of the Borrower or other party liable for any of the obligations of this Agreement or the other Loan Documents or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Agreement; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. Whenever the Borrower is obligated to pay or reimburse the Issuer or the Bondowner Representative for any attorneys' fees, those fees will include the allocated costs, as determined by the Issuer or the Bondowner Representative, as the case may be, for services of in-house counsel.

Section 8.09. Applicable Law. This Agreement will be governed by the law of the State, without regard to any provisions or principles thereof relating to choice of law or conflict-of-laws, except as may be preempted by federal law.

Section 8.10. Time of Essence. Time is of the essence in the performance of this Agreement and each and every term hereof.

Section 8.11. Force Majeure. If the construction or rehabilitation of the Improvements is directly affected and delayed by fire, earthquake or other acts of God, inclement weather that could not reasonably be anticipated by the Borrower, strike, lockout, acts of public enemy, riot, insurrection, terrorism, or governmental regulation of the sale or transportation of materials,

supplies or labor, the Borrower must notify the Bondowner Representative in writing within 10 business days after the event occurs that causes the delay.

Section 8.12. Integration and Amendments; Conflicts. The Loan Documents (a) integrate all the terms and conditions mentioned in or incidental to this Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter including, but not limited to, any loan commitment by the Bondowner Representative, and (c) are intended by the parties as the final expression of the entire agreement with respect to the Loan and as the complete and exclusive statement of the terms and conditions agreed to by the parties. No representation, understanding, promise or condition will be enforceable against any party unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any other Loan Document, the terms, conditions and provisions of this Agreement will control. This Agreement may not be modified or amended except by a written agreement signed by the parties hereto.

Section 8.13. Binding Effect; Successors and Assigns; Disclosure. This Agreement will become effective only when it has been executed by the Borrower and the Bondowner Representative and thereafter will be binding upon and inure to the benefit of the Borrower and the Bondowner Representative and their respective successors and assigns, except that the Borrower will not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bondowner Representative, which may be granted or withheld in the Bondowner Representative's sole discretion and otherwise subject to the provisions of Section 13 of the Regulatory Agreement. The Bondowner Representative may sell, assign or grant participations in all or any part of its rights and obligations under this Agreement and the other Loan Documents, but only in accordance with the terms of the Indenture. The Bondowner Representative may disclose information about the Loan, the Borrower, Guarantor, the Property and other relevant matters to the Bondowner Representative's Affiliates, potential purchasers of, assignees of, and participants in, the Loan, and to derivative counterparties and rating agencies.

Section 8.14. Captions. All captions or headings to sections, subsections and other divisions of this Agreement and the addenda and exhibits to this Agreement are only for the convenience of the parties and will not be construed to have any effect or meaning with respect to the other content thereof.

Section 8.15. Incorporation. The recitals, exhibits and addenda of and to this Agreement are incorporated herein and all provisions thereof will be deemed to be binding provisions of this Agreement.

Section 8.16. Relationship of Parties; No Fiduciary Duty. The Borrower acknowledges that neither the Issuer nor the Bondowner Representative has any fiduciary relationship with, or fiduciary duty to, the Borrower or any other person or entity arising out of or in connection with this Agreement, any of the other Loan Documents, and the relationship between the Issuer and the Bondowner Representative and the Borrower in connection herewith and therewith is solely that of creditor and debtor. None of this Agreement, the other Loan Documents create a joint venture among the parties.

Section 8.17. Limitation on the Issuer's Liability. The Issuer shall not be obligated to pay the principal (or prepayment price) of or interest on the Bond, except from moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of Issuer, the City of Lancaster or the County is pledged to the payment of the principal (or prepayment price) of or interest on the Bond. None of the Issuer, the County or the City of Lancaster shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bond or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bond will be provided by the payments made by the Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment price) of and interest on the Bond as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment price) of or interest on the Bond, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of Trustee, Borrower, Issuer or any third party, subject to any right of reimbursement from Trustee, Issuer or any such third party, as the case may be, therefor.

THE BOND IS ORIGINATED IN ACCORDANCE WITH THE ACT AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE ISSUER OR THE BOARD OF COMMISSIONERS OF THE ISSUER OR BOARD OF SUPERVISORS OF THE COUNTY NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER, NOR ANY PERSON EXECUTING THE BOND, SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE REVENUES, FUNDS AND ASSETS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NEITHER THE ISSUER, THE COUNTY, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR.

THE BOND AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE COUNTY, THE STATE OR ANY MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF OR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER

COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bond or for any claim based thereon or upon any obligation, covenant or agreement in this Agreement contained, against any past, present or future member of the County, the Issuer, its governing body, its officers, directors, officials, commissioners, supervisors, employees, attorneys, accountants, financial advisors, agents or staff or the officers, directors, officials, commissioners, supervisors, employees, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty of otherwise, and all such liability of any member of the County, the Issuer, its governing body and its officers, directors, officials, commissioners, supervisors, employees, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bond, expressly waived and released as a condition of, and in consideration for, the execution of this Agreement and the issuance of the Bond. It is recognized that notwithstanding any other provision of this Agreement, neither the Borrower nor the Trustee shall look to the members of the Issuer's directors, officials, commissioners, supervisors, employees, officers, program participants, attorneys, accountants, financial advisors, agents or staff, past, present or future, for damages suffered by the Borrower, the holder or such the Trustee as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Agreement, the Bond, the Regulatory Agreement, any of the other Bond documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason except for representations made by the Issuer in any certificate of the Issuer and the opinion of counsel to the Issuer delivered on the date of origination of the Bond. Although this Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person.

Anything in the Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Agreement that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower, the Bondowner Representative or any Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under the Indenture or this Agreement to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondholder and (c) none of the provisions of the Indenture, this Agreement, the Regulatory Agreement or any Loan Document shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Indenture, this Agreement, the Regulatory Agreement and any Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

No recourse shall be had for the payment of any part of the principal of, premium, if any, or interest on the Bond or any claim based thereon or on this Loan Agreement or any other Loan Document, the Indenture or any instrument or documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any officer, board member, employee or agent, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such officer, board member, employee or agent, past, present or future as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Indenture, the Loan Documents and the issuance of the Bond and the delivery of other documents in connection herewith. No officer, board member, employee or agent, past, present or future, of the Issuer or any successor body shall be personally liable on the Indenture, the Loan Documents, the Bond or any other documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office. The Bond and the undertakings of the Issuer under the Indenture or the Loan Documents do not constitute a pledge of the general credit or taxing power of the Issuer, the State, or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof.

No member, commissioner, supervisor, director, officer, official, agent, staff, employee or any director of the Issuer, the City of Lancaster or the County shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Bond or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, director, commissioner, supervisor, official, officer, agent, staff or employee from the performance of any official duty provided by law or by this Agreement. No director, commissioner, supervisor, official, officer, employee, staff, attorney or agent of the Issuer, the City of Lancaster or the County shall incur any personal liability with respect to any other action taken by him or her pursuant to this Agreement or the Act. No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Property or the issuance and delivery of the Bond shall give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers, or shall obligate the Issuer financially in any way.

Section 8.18. Counterparts. This Agreement may be executed in counterparts, each of which will be an original, and all of which together will constitute but one and the same instrument.

Section 8.19. City of Lancaster. The Borrower shall pay all expenses of the City of Lancaster, if any, in connection with the Bond and the Project and shall indemnify, hold harmless and defend the City of Lancaster in the same manner as the indemnification by the Borrower of the Issuer.

ARTICLE IX

WAIVER OF JURY TRIAL; JUDICIAL REFERENCE

EACH OF THE BORROWER AND THE BONDOWNER REPRESENTATIVE (FOR ITSELF AND ITS SUCCESSORS, ASSIGNS AND PARTICIPANTS) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER BY THE BORROWER AND THE BONDOWNER REPRESENTATIVE AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

The Borrower and the Bondowner Representative agree that, in the event any legal proceeding is filed in a court of the State (the "Court") by or against any party hereto in connection with any controversy, dispute or claim directly or indirectly arising out of or relating to this Agreement or the transactions contemplated hereby (whether based on contract, tort or any other theory) (each, a "Claim") and the waiver set forth in the preceding paragraph is not enforceable in such action or proceeding.

With the exception of the matters specified in Section 9.02 below, any Claim will be determined by a general reference proceeding in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1. The parties intend this general reference agreement to be specifically enforceable in accordance with California Code of Civil Procedure Section 638. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law.

The following matters shall not be subject to a general reference proceeding: (a) non-judicial foreclosure of any security interests in real or personal property, (b) exercise of self-help remedies (including, without limitation, set-off), (c) appointment of a receiver and (d) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Agreement does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (a) - (d) and any such exercise or opposition does not waive the right of any party to a reference proceeding pursuant to this Agreement.

Upon the written request of the Borrower or the Bondowner Representative, the Borrower and the Bondowner Representative shall select a single referee, who shall be a retired judge or justice. If the parties do not agree upon a referee within ten days of such written request, then, any

party may request the court to appoint a referee pursuant to California Code of Civil Procedure Section 640(b).

All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except when any party so requests, a court reporter will be used and the referee will be provided a courtesy copy of the transcript. The party making such request shall have the obligation to arrange for and pay costs of the court reporter, provided that such costs, along with the referee's fees, shall ultimately be borne by the party who does not prevail, as determined by the referee.

The referee may require one or more prehearing conferences. The Borrower and the Bondowner Representative shall be entitled to discovery, and the referee shall oversee discovery in accordance with the rules of discovery, and may enforce all discovery orders in the same manner as any trial court judge in proceedings at law in the State. The referee shall apply the rules of evidence applicable to proceedings at law in the State and shall determine all issues in accordance with applicable state and federal law. The referee shall be empowered to enter equitable as well as legal relief and rule on any motion which would be authorized in a trial, including, without limitation, motions for default judgment or summary judgment. The referee shall report his decision, which report shall also include findings of fact and conclusions of law.

The Borrower and the Bondowner Representative recognize and agree that all claims resolved in a general reference proceeding pursuant hereto will be decided by a referee and not by a jury.

In the event of any inconsistency between the provisions of this article and any other provision of the Loan Documents, this Article will control.

ARTICLE X

WAIVER OF SPECIAL DAMAGES

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE BONDOWNER REPRESENTATIVE, THE CITY OF LANCASTER, THE COUNTY, THE ISSUER OR EITHER OF THEM ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE TRANSACTIONS, THE LOAN OR THE USE OF THE PROCEEDS THEREOF.

ARTICLE XI

USA PATRIOT ACT NOTIFICATION

The Bondowner Representative hereby notifies the Borrower that pursuant to the requirements of Section 326 of the USA Patriot Act of 2001 31 U.S.C. Section 5318 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which

information includes the name and address of the Borrower and other information that will allow the Bondowner Representative to identify the Borrower in accordance with the Patriot Act.

[Remainder of page intentionally left blank]

ISSUER:

**LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY**, as Issuer

By: _____
Executive Director or Designee

Print Name

Approved as to form:

Rodrigo Castro-Silva
County Counsel

By: _____
Deputy

[Issuer Signature page for *Essex Tower* Loan Agreement]

BORROWER:

CHERRY ON TOP, LP, a California limited partnership

By: InSite Development, LLC, a California limited liability company, its Co-General Partner

By: _____

Name: Steven Eglash

Title: Managing Member

By: Housing Corporation of America, a Utah nonprofit corporation, its Managing General Partner

By: _____

Name: Carol Cromar

Title: President

[Borrower Signature page for *Essex Tower* Loan Agreement]

BONDOWNER REPRESENTATIVE:

**ZIONS BANCORPORATION, N.A. DBA
CALIFORNIA BANK & TRUST**, a California
banking corporation, as Bondowner
Representative

By: _____
Name:
Title:

[Bondowner Representative Signature page for *Essex Tower* Loan Agreement]

EXHIBIT A

LEGAL DESCRIPTION

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

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 69587, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 370, PAGES 95, 96 AND 97, OF PARCEL MAPS AND WAS AMENDED BY A CERTIFICATE OF CORRECTION RECORDED NOVEMBER 2, 2011 AS INSTRUMENT NO. 20111487546 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE, PERPETUAL EASEMENT AND RIGHT OF WAY FOR PARKING OF VEHICLES, THE ACCOMMODATION OF PEDESTRIANS IN CONNECTION WITH THE USE OF SUCH PARKING SPACES, WHICH INCLUDE DRIVEWAYS AND SIDEWALK AREAS AND ACCESS AND USE OF COMMUNITY FACILITIES AS DESCRIBED IN THAT CERTAIN CROSS EASEMENT AGREEMENT RECORDED FEBRUARY 2, 2007 AS INSTRUMENT NO. 20070231632, OF OFFICIAL RECORDS AND AS MODIFIED BY A CERTAIN FIRST AMENDMENT TO THE CROSS EASEMENT AGREEMENT RECORDED DECEMBER 03, 2009, AS INSTRUMENT NO. 20091829226, OF OFFICIAL RECORDS.

APN: 3133-002-026

EXHIBIT B
ACCOUNTS

[TO BE REVIEWED AND UPDATED BY LENDER]

1. **Required Pledged Accounts.** The Borrower will maintain each of the following deposit accounts (the “Pledged Accounts”) with the Bondowner Representative until the date that all funds therein have been released therefrom and no provisions exist for further deposits thereto.

(a) **Borrower’s Funds Account.** An account (the “the Borrower’s Funds Account”) into which the Borrower’s funds are to be deposited as required by the Bondowner Representative pursuant to the terms of the Disbursement Agreement in order to maintain the Loan In Balance as provided in the Disbursement Agreement. The Borrower’s Funds Account will be established only if and when needed.

(b) **Tax Credit Equity Account.** An account (the “Tax Credit Equity Account”) into which deposits of equity contributions by Investor Limited Partner are to be deposited as provided in the Disbursement Agreement.

2. **Interest on Accounts.** The Pledged Accounts will bear interest at a rate or rates applicable to the type of account used therefor as generally offered to the public by the Bondowner Representative, except that the Borrower’s Funds Account will not bear interest.

3. **Release of Funds From Accounts During Construction Term.** The Bondowner Representative will permit funds to be released from the Pledged Accounts as follows, provided that after the occurrence and during the continuance of an Event of Default, the Bondowner Representative shall not be obligated to permit funds to be released from the Pledged Accounts and may apply any or all funds in the Pledged Accounts to repayment of amounts owing to the Bondowner Representative under the Note and the other Loan Documents:

(a) **Borrower’s Funds Account.** The Bondowner Representative will make Disbursements from the Borrower’s Funds Account to pay Hard Costs and Soft Costs in accordance with the Budget contained in the Disbursement Agreement.

(b) **Tax Credit Equity Account.** The Bondowner Representative will release funds from the Tax Credit Equity Account as provided in the Disbursement Agreement.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: MICHELLE E. PERNICEK, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,
as LACDA

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

CHERRY ON TOP, LP,
as Borrower

relating to

[\$8,000,000]
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

Dated as of [_____] 1, 2021

TABLE OF CONTENTS

	Page
Section 1. Definitions and Interpretation	2
Section 2. Acquisition, Construction and Equipping of the Project	9
Section 3. Residential Rental Property	11
Section 4. Very Low Income Tenants and Low Income Tenants; Records and Reports	13
Section 5. Tax-exempt Status of the Bond.....	16
Section 6. Additional Requirements of the Act	17
Section 7. Additional Requirements of the LACDA	19
Section 8. Modification of Covenants	25
Section 9. Indemnification	26
Section 10. Consideration	28
Section 11. Reliance.....	28
Section 12. Project in the County	28
Section 13. Sale or Transfer of the Project; Equity Interests.....	29
Section 14. Term.....	32
Section 15. Covenants To Run With the Land	32
Section 16. Burden and Benefit	33
Section 17. Uniformity; Common Plan	33
Section 18. Default; Enforcement.....	33
Section 19. The Trustee	35
Section 20. Recording and Filing.....	35
Section 21. Governing Law	36
Section 22. Amendments	36
Section 23. Notices	36
Section 24. Severability	38
Section 25. Multiple Counterparts	38
Section 26. Nondiscrimination and Affirmative Action	38
Section 27. [Reserved	39
Section 28. Financial Obligations Personal to Borrower.....	39
Section 29. Americans with Disabilities Act	39
Section 30. [Reserved	40

Section 31. Limitation on Liability 40
Section 32. Requirements of CDLAC 40

EXHIBIT A DESCRIPTION OF PROJECT SITE
EXHIBIT B FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
EXHIBIT C FORM OF INCOME CERTIFICATION
EXHIBIT D FORM OF ANNUAL TENANT INCOME RECERTIFICATION
EXHIBIT E FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE
EXHIBIT F FORM OF STATISTICAL REPORT TO LACDA
EXHIBIT G CDLAC RESOLUTION
EXHIBIT H MULTI-FAMILY BOND POLICIES AND PROCEDURES
EXHIBIT I FORM OF CONSTRUCTION COMPLETION CERTIFICATE
EXHIBIT J FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Agreement” or this “Regulatory Agreement”) is made and entered into and dated as of [_____] 1, 2021 by and among the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “LACDA”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Indenture of Trust dated as of [_____] 1, 2021 (the “Indenture”) among the LACDA, Zions Bancorporation, N.A. dba California Bank & Trust as the initial Bondowner Representative and the Trustee, with an office in Los Angeles, California, and **CHERRY ON TOP, LP**, a California limited partnership (the “Borrower”).

W I T N E S S E T H :

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the LACDA is empowered to issue bonds or notes to finance the acquisition, construction, rehabilitation and equipping of multifamily rental housing; and

WHEREAS, on March 31, 2020 (the “Inducement Date”) the Board of Commissioners of the Los Angeles County Development Authority passed a resolution (the “Inducement Resolution”) indicating the LACDA’s intent to provide for the issuance of revenue bonds or notes to finance the acquisition, construction, development and equipping of Essex Tower, a multifamily residential rental housing project for seniors consisting of 70 units (including 1 manager unit) to be located at 44948 10th Street West in the City of Lancaster (the “City”) in the County of Los Angeles (the “County”) on the site more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, on [_____] 1, 2021, the Board of Supervisors of the Los Angeles County Development Authority adopted a resolution (the “Resolution”) authorizing the issuance of its revenue bond to provide financing for the acquisition and construction of the Project; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the LACDA’s program of financing housing, the LACDA is issuing pursuant to the Indenture, its Multifamily Housing Revenue Bond (Essex Tower Apartments), 2021 Series B (the “Bond”), the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to provide financing for the acquisition, construction, development and equipping of the Project; and

WHEREAS, the LACDA has agreed with the City that for the limited purposes of issuing the Bond, the County shall operate within the City; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and the below-defined Regulations and rulings with respect to the Code, and in order to comply with the

Act and the policies with respect to the LACDA's housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the LACDA, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition and construction of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Act and the additional requirements of the LACDA and the California Debt Limit Allocation Committee ("CDLAC");

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the LACDA, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture or the Loan Agreement, as applicable. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"Act" means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the LACDA, apply to the Bond outstanding as of the effective date of such amendments).

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

"Affiliated Party" means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

"Affordable Rent" means an annual rent for a Low Income Unit or a Very Low Income Unit, as applicable, which does not exceed 30% of the applicable maximum Adjusted Income for the Area of Low Income Tenants or Very Low Income Tenants, as applicable, adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons), subject to adjustment as provided in Section 6(a) hereof.

"Agreement" or *"Regulatory Agreement"* means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

"Area" means the Los Angeles Primary Metropolitan Statistical Area.

"Authorized Borrower Representative" means any person who, at any time and from time to time, may be designated as the Borrower's authorized representative by written certificate furnished to the LACDA and the Trustee containing the specimen signature of such person and

signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any authorized managing member if the successor or assignee is a limited liability company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the LACDA) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the bond authorized, authenticated and delivered under the Indenture.

“*Bond Counsel*” means (i) Kutak Rock LLP, or (ii) any other attorney at law or other firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, bonds issued by states and political subdivisions, selected by the LACDA and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, the LACDA, the Trustee or the Bondholder in connection with the Bond.

“*Bondholder*” or “*Holder*” means the party identified as the owner of the Bond on the registration books maintained by the Trustee on behalf of the LACDA.

“*Bondowner Representative*” means, initially, Zions Bancorporation, N.A. dba California Bank & Trust and any successor entity pursuant to the Indenture.

“*Borrower*” means Cherry on Top, LP, a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning given such term in Section 32 hereof.

“*CDLAC Resolution*” means CDLAC Resolution No. 20-118 adopted on September 16, 2020, attached to this Regulatory Agreement as Exhibit G and related to the Project, as such resolution may be modified or amended from time to time.

“*Certificate of CDLAC Program Compliance*” means the Certification of Compliance II for Qualified Residential Rental Projects to be filed with the LACDA at the times specified in Section 32(a) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit E or such other form required or otherwise provided by CDLAC from time to time.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the LACDA and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the LACDA.

“*Certificate of Qualified Project Period*” means the certificate to be filed by the Borrower upon commencement of the Qualified Project Period in substantially the form attached hereto as Exhibit J.

“*City*” means the City of Lancaster, California.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986, as amended, each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, construction and equipping of the Project, as that date shall be certified as provided in Section 2(i) hereof and as specified in the Construction Completion Certificate.

“*Compliance Period*” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 32 of this Regulatory Agreement.

“*Construction Completion Certificate*” means a written certification signed by an Authorized Borrower Representative certifying among other things to the substantial completion of the Project and delivered to the LACDA, the Trustee and CDLAC not more than 30 months after the Bond Closing Date, in substantially the form of Exhibit I hereto or such other form required or otherwise provided by CDLAC from time to time.

“*Costs of Issuance*” means costs of issuing the Bond as set forth in the Indenture.

“*County*” means the County of Los Angeles.

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the written opinion of Bond Counsel delivered to the LACDA, the Trustee, the Bondowner Representative and the Borrower, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in

Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“*Gross Income*” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under Section 8 of the Housing Act (or, if such program is terminated, under such program as in effect immediately before such termination).

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

“*Housing Act*” means the United States Housing Act of 1937, as amended, or its successor.

“*HUD*” means the United States Department of Housing and Urban Development and any successor agency.

“*Income Certification*” means, initially, an Income Certification in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the LACDA to the Borrower and, with respect to recertifications, the Annual Tenant Income Recertification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the LACDA to the Borrower.

“*Indenture*” means the Indenture of Trust dated as of [_____] 1, 2021 by and among the LACDA, the initial Bondowner Representative and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

“Inducement Date” means March 31, 2020.

“LACDA” means the Los Angeles County Development Authority, a public body corporate and politic, organized and existing under the laws of the State of California, together with any assigns or successors thereto.

“Loan” means the loan of the sale proceeds of the Bond by the LACDA to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, construction and equipping of the Project.

“Loan Agreement” means the Loan Agreement dated as of [_____] 1, 2021 by and among the LACDA, the initial Bondowner Representative and the Borrower, as amended or supplemented from time to time.

“Low Income Tenant” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

“Low Income Units” means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

“Net Proceeds” means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

“Project” means the Project Facilities and the Project Site.

“Project Costs” means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping, the credit enhancement fees, if any, attributable to the period of the construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements,

the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, for the Project).

“Project Facilities” means the buildings, structures and other improvements on the Project Site to be acquired, constructed, equipped or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“Project Site” means the parcel or parcels of real property having the street address of 44948 10th Street West, in the City of Lancaster, in Los Angeles County, California, and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

“Qualified Project Costs” means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond, during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), *“Qualified Project Costs”* shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in rehabilitating or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute *“Qualified Project Costs”* unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not *“related parties”* as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no Tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Regulations*” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the LACDA and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank National Association in its capacity as trustee under the Indenture, together with its successors and assigns.

“*Very Low Income Tenant*” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 50% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Very Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Very Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

“*Very Low Income Unit*” means the units in the Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 7(a) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees with the LACDA and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition, construction and equipping of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project are accurately set forth in the Borrower Cost Certificate (the “Borrower Cost Certificate”) submitted to the LACDA on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations. The Borrower reasonably expects to complete the acquisition, construction and equipping of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) [Reserved].

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any “related person” (as such phrase is used in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any “related person” in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Act or the Code.

(h) [Reserved].

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Trustee and the LACDA, signed by the Authorized Borrower Representative. Notwithstanding the

foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist. The Construction Completion Certificate shall be delivered to the Trustee no later than the date 30 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the LACDA consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes.

(j) The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any “related person” (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the LACDA of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(k) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be constructed and developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit and Very Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single-room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units (which shall not include any manager units) in the Project will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except for the following: (1) any dwelling units required to be leased or rented to Low Income Tenants or Very Low Income Tenants and persons [62] years of age and older, except as further provided herein, (2) to the extent not otherwise inconsistent with the requirements of this Section 3(e), the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the LACDA), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, and (4) any preference Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the County.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the LACDA from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

Section 4. Very Low Income Tenants and Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code and the LACDA, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied by tenants providing Income Certification and (ii) the date on which 50% of the dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to LACDA, and a copy to CDLAC and the Trustee, a Certificate of Qualified Project Period.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% (and Very Low Income Tenants shall occupy at least 10%) of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than 40% of the total number of completed units of the Project (excluding units occupied by property managers) shall at all times be rented to and occupied by Low Income Tenants, provided that Very Low Income Tenants shall rent and occupy at least 10% of the completed units of the Project. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant or a Very Low Income Tenant is treated as rented and occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant or a Very Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable; provided, however, that should a Low Income Tenant's or a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant or a Very Low Income Tenant, as applicable; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant or a Very Low Income Tenant, the former Low Income Tenant or Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant for purposes of the 40% or 10% requirement, as applicable, of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant or Very Low Income Tenant, as applicable, including (i) an Income Certification dated no later than the day prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant, as applicable, in the Project and, in the case of tenants residing in the Project as of the date of issuance of the Bond (if applicable), dated no later than the day prior to the disbursement of the Bond proceeds to fund acquisition and construction of the Project (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification. The Borrower will obtain such additional information as may be required in the future by the State of California, by the LACDA and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants or Very Low Income Tenants, as applicable, commencing or continuing occupation of a Low Income Unit or a Very Low Income Unit, as applicable (and not previously filed with the LACDA), shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the LACDA no later than the fifteenth day of each month (or such other period as specified in writing by the LACDA) until such report indicates compliance with Section 4(b) and thereafter the fifteenth day of each [_____] and [_____] (or such other period as specified in writing by the LACDA) until the end of the Qualified Project Period. The Borrower shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the LACDA shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the LACDA.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units and the Very Low Income Units, and will with reasonable notice permit any duly authorized representative of the LACDA, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units and the Very Low Income Units.

(f) The Borrower will prepare and submit to the LACDA and the Trustee, no later than the fifteenth day of each month (or such other period as specified in writing by the LACDA) following the receipt by the Trustee of the Construction Completion Certificate to and including the month in which such report indicates that 40% of the occupied units (excluding units occupied by managers) are occupied by Low Income Tenants and 10% of the occupied units (excluding units occupied by managers) are occupied by Very Low Income Tenants, and thereafter no later than the fifteenth day of each [_____] and [_____] (or such other period specified in writing by the LACDA) until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Low Income Tenants or Very Low Income Tenants, respectively, during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the LACDA a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will, on behalf of the LACDA, submit such completed form to the Secretary of the Treasury, regardless of whether or not the LACDA has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit or a Very Low Income Unit, as applicable, shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant or the Very Low Income Tenant, as applicable, in determining qualification for occupancy of the Low Income Unit or the Very Low Income Unit, as applicable, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than

the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, of the same family size, such tenant may cease to qualify as a Low Income Tenant or Very Low Income Tenant, as applicable, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof. All leases pertaining to Low Income Units or Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or a Very Low Income Unit, as applicable: (i) certifies the accuracy of the statements made in the verification of income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee or the LACDA, and that the failure to provide accurate information in the verification of income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant.

(i) Pursuant to the CDLAC Conditions attached hereto and for the entire term of the Regulatory Agreement, the Project shall consist of 69 units plus 1 manager unit of which at least 69 units shall be rented or held vacant for rental for persons or families whose income is at or below 50% of the area median income.

Section 5. Tax-exempt Status of the Bond. The Borrower and the LACDA make the following representations, warranties and agreements for the benefit of the holder of the Bond from time to time:

(a) The Borrower and the LACDA will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

(b) The Borrower and the LACDA will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the LACDA and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the LACDA will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the LACDA and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners

of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee’s compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the LACDA hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) Not less than 40% of the total number of units in the Project (excluding units occupied by managers) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act. Not less than 10% of the total number of units in the Project (excluding units occupied by managers) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 50% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 50% for Very Low Income Tenants, and 30% times 60% for Low Income Tenants of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(c) During the Qualified Project Period the Borrower shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the LACDA to file any annual

report required by the Act or pursuant to California Government Code Section 8855.5 and, no later than January 31 of each calendar year, the Borrower, on behalf of the LACDA, shall provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the LACDA, any annual report information required by California Government Code Section 8855(k)(1) until the later of the date the Bond is no longer outstanding or the proceeds of the Bond have been fully spent.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, equipping, refinancing or development of commercial property for lease.

(e) [Reserved].

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project;

(iii) Thirty years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants and Very Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants and Very Low Income Tenants.

(h) The LACDA shall, from time to time, revise the maximum rental limits applicable to the Low Income Units and the Very Low Income Units, by a percentage equal to any percentage change in median income for the Area. Until such time as the LACDA mails a notice of such change, the previously existing charges shall apply. Upon receipt of

new rental limit schedules, the Borrower may increase the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that no Low Income Tenant or Very Low Income Tenant shall have a rent increase sooner than one year after initial occupancy, and provided, further, no Low Income Tenant or Very Low Income Tenant shall have an annual rent increase in excess of the percentage increase as determined by HUD in the Area median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year to year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

(i) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not apply or permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(j) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable. However, should the Gross Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirements of Sections 4(b) and 7(a) hereof. Until such next available unit is rented to a qualified tenant, the former Low Income Tenant or Very Low Income Tenant, as applicable, who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant, as applicable, for purposes of the requirements of Sections 4(b) and 7(a) hereof.

(k) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

Section 7. Additional Requirements of the LACDA. In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of the LACDA, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) The Borrower shall promptly provide to the LACDA such information with respect to the Project or the Bond as the LACDA shall from time to time request. The

Borrower shall provide written notice to the LACDA of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units and the Very Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants and Very Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age (except restrictions upon occupancy of units to tenants aged [62] years of age and older), sexual orientation, gender identity/expression, transgender status, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(d) Not less than 40% of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Low Income Units and not less than 10% of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Very Low Income Units.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and as applicable, 51.3 of the California Civil Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants or Very Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant or a Very Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant or a Very Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of the lessee's tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the LACDA; and that the lessee's failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee's tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the LACDA, at the principal place of business of the Borrower

or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant or Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the LACDA (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the LACDA, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including, without limitation, information necessary for the LACDA to file any periodic report, or any other information concerning the Project as the LACDA may reasonably request.

(j) [Reserved].

(k) The LACDA may, at its option and at its expense, at any time appoint an administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the LACDA to deliver to such administrator, in addition to or instead of the LACDA, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such administrator as an agent of the LACDA.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant or a Very Low Income Tenant, as applicable.

(m) The Borrower shall give written notice to Low Income Tenants and Very Low Income Tenants at the following five points in time:

(i) Upon initial move-in/lease execution, the Borrower shall give written notice to all tenants of Low Income Units and Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. The Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (A) the Qualified Project

Period; or (B) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Thirty-six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development. In addition, the Borrower, within 36 months of a scheduled expiration of rental restrictions, shall also provide notice of the scheduled expiration of rent restrictions to any prospective tenant at the time he or she is interviewed for eligibility.

(iii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and the Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(iv) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(v) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

Unless the Borrower meets the requirements of California Government Code Section 65863.13, pursuant to California Government Code Section 65863.11, prior to or concurrently with the 12 month notice referred to above in (iii), the Borrower must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities on the list maintained by the California Department of Housing and Community Development as well as to those qualified entities that contact the Borrower directly. The notice shall conform to the requirements of California Government Code Section 65863.11(h) and shall be sent to the entities by registered or certified mail, return receipt requested. The Borrower shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(n) The Borrower shall pay to the LACDA its initial fee on the Bond Closing Date and thereafter pay to the LACDA its ongoing fees with respect to the issuance of the Bond as follows. The Borrower shall pay the LACDA an initial fee immediately upon issuance of the Bond equal to \$[20,000] (.25% of the aggregate original principal amount of the Bond issuable under the Indenture (\$[8,000,000])). In addition, the Borrower shall, as compensation for the LACDA's monitoring of the provisions of this Regulatory Agreement, pay to the LACDA, annually in advance, on the anniversary of the Closing Date for the period from the date of issuance of the Bond through the later of (i) the end of the Qualified Project Period or (ii) the termination of the CDLAC Conditions, an annual amount of the greater of .125% of the outstanding principal amount of the Bond or \$6,000, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes. Throughout the term of this Agreement, the LACDA or the Trustee, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the LACDA) and shall collect such payments from the Borrower and immediately remit such funds to the LACDA. In the event of any prepayment of the Bond in whole, prior to the later of: (i) the end of the Qualified Project Period; or (ii) the termination of the CDLAC Conditions, the Borrower, at its election, shall either: (A) pay to the LACDA, on or before such payment, an amount equal to the present value of the remaining LACDA fees payable hereunder, as calculated by the LACDA, using a discount rate equal to the yield on the date of prepayment on the United States treasury security maturing on the date nearest the later of: (1) the end of the Qualified Project Period or (2) the termination of the CDLAC Conditions, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes; or (B) pay directly to the LACDA on an annual basis, in advance on the anniversary of the Closing Date, the annual fee described above. The Borrower shall not be required to pay the fee described in the preceding sentence if the Bond is prepaid in whole under circumstances which permit termination of this Regulatory Agreement pursuant to Section 14 hereof. The Borrower shall also pay to the LACDA, 30 days after receipt of request for payment thereof from the LACDA, all reasonable out of pocket expenses of the LACDA (not including salaries and wages of LACDA employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bond. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bond, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bond yield) the LACDA's fees, unless such prepayment is made in connection with a refunding of the Bond. Notwithstanding any prepayment of the Loan, the Borrower shall continue to pay to the LACDA all fees, losses and expenses required under the Loan Agreement and the Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(o) The Borrower shall pay to the LACDA any expenses incurred by the LACDA, including, without limitation, Bond Counsel, counsel for the County and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the LACDA with respect to the Project, the Project Site or the Bond. The LACDA shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the LACDA its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the LACDA, together with any expenses incurred by the LACDA and its counsel and financial advisor in connection therewith.

(q) The Trustee shall report to the LACDA in writing semiannually, within 10 days of each June 30 and December 31, the principal amount of the Bond outstanding as of such June 30 or December 31, as appropriate.

(r) [Reserved].

(s) The Borrower shall include the LACDA as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall submit to the LACDA, (i) not later than the 30th day after the close of each calendar year, a statistical report in the form set forth as Exhibit F hereto, or such other form as may be prescribed by the LACDA, setting forth the information called for therein, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the LACDA in order to comply with reporting requirements of the Internal Revenue Service or the State of California. The Borrower shall not rent any Low Income Unit or Very Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses, (B) children, (C) parents and grandparents, (D) siblings, (E) in-laws, including brother/sister-in-law and mother/father-in-law and son/daughter-in-law or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bond or other loan in support of the Project, unless such person otherwise qualifies for tenancy under this Agreement and such tenancy is approved in writing by the LACDA.

(u) The Borrower acknowledges that the LACDA may appoint an administrator other than the LACDA (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the LACDA to deliver to any such administrator, in addition to or

instead of the LACDA, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the administrator as an agent of the LACDA. The Borrower shall include a certification in each tenant application that the applicant is not an Owner/Developer, an elected official who participated in the issuance of the Bond or an Immediate Family Member thereof.

(v) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the LACDA, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the LACDA. Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or online media, post any sign or in any other way identify the LACDA as the source of the financing provided for the Project, without the prior written approval of the LACDA (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the LACDA as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

(w) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower, unless this Regulatory Agreement is terminated in accordance with the terms hereof. Notwithstanding any of the foregoing, the Borrower shall comply with the provisions of the LACDA's Multi-Family Bond Policies and Procedures, including those set forth in Exhibit H.

Any of the foregoing requirements of the LACDA may be expressly waived by the LACDA in writing in the LACDA's sole discretion, but (i) no waiver by the LACDA of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the LACDA has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the LACDA and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act.

Section 8. Modification of Covenants. The Borrower, the Trustee and the LACDA hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the LACDA, the Trustee and the Borrower (with a copy to the Bondowner Representative), impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this

Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the LACDA, the Trustee and the Borrower (with a copy to the Bondowner Representative), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the LACDA, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-exempt status of interest on the Bond. The LACDA shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the LACDA, whether or not required by California or federal law.

(c) The Borrower, the LACDA and, if applicable, the Trustee shall execute, deliver and, if applicable, file or record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the LACDA hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file or record on behalf of the LACDA, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the LACDA defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the LACDA, the Trustee shall take no action under this subsection (c) without first notifying the LACDA and without first providing the LACDA an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the LACDA.

Section 9. Indemnification. The Borrower shall defend, indemnify and hold harmless the LACDA, the County and the Trustee and the respective staff, officers, members, supervisors, commissioners, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), regardless of whether the Borrower is negligent, directly or indirectly resulting from or arising out of or related to (a) the development, design, construction, rehabilitation, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Borrower, the Project or the Bond made or given to the LACDA or the Trustee, or any underwriters or purchaser of the Bond, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or limited partnership affairs, (c) the Bond or the

Tax-exempt status of interest on the Bond, (d) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same) and any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof, (e) this Regulatory Agreement, the Indenture, the Loan Agreement, and any of the related documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance or transfer of the Bond, (f) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof, (g) the defeasance and/or prepayment, in whole or in part, of the Bond, (h) any Determination of Taxability and any declaration of taxability of interest on the Bond, or allegations (or regulatory inquiry) that interest on the Bond is taxable, for federal tax purposes, (i) any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby, (j) the issuance of any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by the Indemnified Party, unless the Indemnified Party elects to conduct its own defense at the expense of Borrower, (k) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof, (l) any lien or charge upon payments by the Borrower to the LACDA, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the LACDA in respect of any portion of the Project, (m) the defeasance and/or redemption, in whole or in part, of the Bond and (n) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Bond or any of the documents relating to the Bond to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bond of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading; provided, however, that this provision shall not require the Borrower to indemnify an Indemnified Party from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct of such Indemnified Party or, in the case of indemnification of the Trustee, the negligence of the Trustee. The Borrower also shall pay and discharge and shall indemnify and hold harmless the LACDA, the County and the respective staff, officers, members, supervisors, commissioners, directors, officials and employees, attorneys and agents and the Trustee from (i) any lien or charge upon payments by the Borrower to the LACDA and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the

Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the LACDA, it makes a reasonable judgment that a competent attorney has not been appointed.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the LACDA has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The provisions of this Section 9 shall survive the term of the Bond and this Regulatory Agreement or the resignation of the Trustee.

Section 10. Consideration. The LACDA has issued the Bond to provide funds to finance the acquisition, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and equip the Project. In consideration of the issuance of the Bond by the LACDA, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The LACDA and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the LACDA and the Trustee may rely upon statements and certificates of the Low Income Tenants and the Very Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the LACDA and the Trustee may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the LACDA or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the LACDA with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Project in the County. The Borrower hereby represents and warrants that the Project will be located entirely within the County.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to: (i) directly or indirectly, by operation of law, voluntarily or involuntarily, sell, gift, encumber, assign or otherwise transfer (collectively, “Transfer”) all or any portion of its interest in the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Bond Documents without the prior written approval of the LACDA, which approval the LACDA may withhold in its sole and absolute discretion.

At any time the Borrower desires to effect a Transfer hereunder, the Borrower shall notify the LACDA in writing (a “Transfer Notice”) and shall submit to the LACDA for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by the Borrower and the proposed transferee to the LACDA sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the “Transfer Documents”). No Transfer Documents shall be approved by the LACDA unless they expressly provide for the assumption by the proposed transferee of all of the Borrower’s obligations under the Bond Documents. The Transfer Notice shall include a request that the LACDA consent to the proposed Transfer. The LACDA agrees to make its decision on the Borrower’s request for consent to such Transfer promptly, and use reasonable efforts to respond not later than 30 days after the LACDA receives the last of the items required by this Section 13. In the event the LACDA consents to a proposed Transfer, then such Transfer shall not be effective unless and until the LACDA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by the Borrower to the LACDA.

Except as expressly provided in this Section 13, in connection with any Transfer hereunder, the purchaser or assignee shall also: (i) deliver to the LACDA an opinion of such purchaser or assignee’s counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor’s rights; (ii) deliver to the LACDA an opinion of Bond Counsel addressed to the LACDA to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-exempt status of interest on the Bond; and (iii) pay to the LACDA and the Trustee all fees and/or expenses then currently due and payable to the LACDA and the Trustee (together with the Transfer Documents, the “Transfer Deliveries”).

Notwithstanding anything in this Regulatory Agreement to the contrary, the Borrower agrees that it shall not be permitted to make any Transfer, whether or not the LACDA’s consent is required and even if the LACDA has consented thereto, if there exists an Event of Default under the Loan Agreement or any other Loan Document at the time the Transfer Notice is tendered to the LACDA or at any time thereafter until such Event of Default has been cured.

Except as expressly provided in this Section 13, the provisions of this Section 13 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to the Borrower under the terms set forth herein.

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code (“LIHTCs”), the LACDA hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in the Borrower to an equity investor and subsequent pledge, assignment, sale or transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from the Borrower to its general partners, which may involve the sale of the Borrower’s interest in the Project and/or the Transfer of greater than 49% of its ownership and/or control; (iii) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that if the replacement general partner is an entity that is not an affiliate of the Limited Partner, such replacement general partner shall be approved by the LACDA, which approval shall not be unreasonably withheld; and (iv) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner is an affiliate of the Investor Limited Partner of the Borrower. Notwithstanding the above, the Borrower shall notify the LACDA that the Borrower intends to pursue such transfers of partnership interest at least 10 Business Days before the scheduled date of such transfers; further, if the general partner is being replaced, the Borrower shall provide evidence acceptable to the LACDA with regard to such successor general partner’s financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the LACDA. In addition, if the general partner of the Borrower is removed and replaced pursuant to clause (iv) above, then the Investor Limited Partner must (a) notify the LACDA that they have taken such action when they take such action; (b) provide the LACDA with copies of all amendments to the Partnership Agreement; and (c) provide a certification from the new general partner stating that it is an affiliate of the Investor Limited Partner and describe the affiliation, and also state that the general partner is assuming all obligations and responsibilities of the removed general partner under the Bond Documents, if any, from and after the substitution of the general partner.

The Borrower shall use its best efforts to provide the LACDA concurrently with the closing of any Transfer (but in no event later than 30 days after the closing of such Transfer) copies of all documents pertaining to the transaction, including any amendments to the organizational documents of the Borrower or any constituent partners or members.

Nothing in this Section 13 shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Borrower, including, but not limited to, any consent of the Trustee or the Bondowner Representative required under the Indenture or any other Bond Documents.

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the LACDA nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby Bondowner Representative or a designee or third party purchaser becomes the owner of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondholder, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable

conversion of the Loan or the Bond Documents. However, if the Trustee or the Bondowner Representative acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the LACDA and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or the Bondowner Representative's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the other Bond Documents to which the Borrower is a party.

For the Qualified Project Period, the Borrower shall not: (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) Permitted Encumbrances or Permitted Transfers or (b) a Transfer permitted by the Loan Agreement and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-exempt status of interest on the Bond; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Bond Documents and except to the extent that what is demolished or removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

Notwithstanding the foregoing, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the LACDA shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the LACDA shall be required for any transfer of the Project subsequent to the Trustee's acquisition of the Project by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the interest of the Borrower's limited partner shall be transferable under this Regulatory Agreement to any affiliate of the limited partners of the Borrower, without the consent of the LACDA and/or Trustee but with prior written notice thereto.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, in the manner and to the extent as may at the time be required by CDLAC, among other parties, may be required in connection with any transfer of the Project.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period or such later date provided in Section 32 hereof pursuant to the CDLAC Resolution (which imposes restrictions for a term of at least 55 years), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the LACDA, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the LACDA or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bond attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the LACDA) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any "related party" (within the meaning of Section 1.150-1(b) of the Regulations) or "related person" (defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related party as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 15. Covenants To Run With the Land. The Borrower hereby subjects its interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The LACDA and the Borrower hereby declare their express

intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The LACDA and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 16. Burden and Benefit. The LACDA and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's interest in the Project is rendered less valuable thereby. The LACDA and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

Section 17. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 18. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the LACDA to the Borrower, then the LACDA shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the LACDA on behalf of the Borrower. The LACDA hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to the Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the LACDA and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the LACDA may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the LACDA or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

During the Qualified Project Period, the Borrower hereby grants to the LACDA the option, upon either (a) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower's default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit or a Very Low Income Unit, as applicable, for more than six months (other than a unit while undergoing construction) and the submission by the LACDA to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants or Very Low Income Tenants, as applicable, and the qualifications of a reasonable landlord, to lease up to 40% of the units with respect to Low Income Units and 10% with respect to Very Low Income Units in the Project (other than one unit set aside for managerial or administrative use) for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants or Very Low Income Tenants, as applicable, for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units or Very Low Income Units, as applicable. The option granted in the preceding sentence shall be effective only if the Borrower or the Trustee has not instituted corrective action before the end of such 60-day period referenced in (a) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (b) above, to a qualified Low Income Tenant or Very Low Income Tenant, as applicable. The option and any leases to the LACDA under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the LACDA, of compliance with the requirements of Sections 2 through 7 hereof, and any subleases entered into pursuant to the LACDA's option shall be deemed to be leases from the Borrower. The LACDA shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants and Very Low Income Units to Very Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the LACDA has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Trustee for credit against payments due under the Loan Agreement. The Trustee shall have the right, as directed by the LACDA, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the LACDA hereunder, provided that prior to taking any such action the Trustee shall give the LACDA written notice of its intended action. All reasonable fees, costs and expenses of the LACDA and the Trustee incurred in taking any action

pursuant to this Section 18 shall be the sole responsibility of the Borrower. All rents received by the LACDA from such subleases, less the LACDA's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the LACDA for the benefit of the Borrower. The LACDA agrees to allow the Borrower access to the LACDA's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses (including reasonable attorneys' fees) of the Trustee and the LACDA incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

After the Indenture has been discharged, the LACDA may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the LACDA may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

Section 19. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The LACDA shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the LACDA, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the LACDA.

Section 20. Recording and Filing.

(a) The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of

the County and in such other places as the LACDA or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the LACDA as grantee.

(b) The Borrower and the LACDA will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents, executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 22. Amendments. Except as provided in Section 32(e), this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County, and only upon receipt by the LACDA of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Act and with the written consent of the Trustee.

The LACDA, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the County Counsel of the LACDA), in order that interest on the Bond remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the County Counsel of the LACDA and a request that such Bond Counsel render to the LACDA an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bond.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to the LACDA: Los Angeles County Development Authority
700 West Main Street
Alhambra, CA 91801-3312
Attention: Mark Trinidad and Jewel Warren-Reed
Telephone: (626) 262-4511
Facsimile: (626) 943-3818

with a copy to: Behnaz Tashakorian
Los Angeles County Counsel
7th Floor
350 South Figueroa Street
Los Angeles, CA 90071

If to the Borrower: Cherry On Top, LP
c/o InSite Development, LLC
[_____]]
[_____]]
Attention: Steven Eglash
Telephone: [_____]

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Eugene Cowan, Esq.
Telephone: (213) 239-8015
Facsimile: (213) 239-0410

and a copy to: Alliant Credit Facility II, LLC
c/o Alliant Asset Management Company LLC
21600 Oxnard Street, Suite 1200
Woodland Hills, CA 91367
Attention: General Counsel
Telephone: (818) 668-6800
Telecopy: (818) 688-2828

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: Shane Deaver, Esq.

If to Bondowner
Representative: Zions Bancorporation, N.A. dba California Bank & Trust
1900 Main Street, Suite 200
Irvine, CA 92614
Attention: Michelle Ortega

Telephone: (949) 251-7703
Facsimile: (949) 251-7731

With a copy to: Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, 10th Floor
Costa Mesa, CA 92626
Attention: Ken Fox, Esq.

If to the Trustee: U.S. Bank National Association
24th Floor
633 West 5th Street
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LACDA MF (Essex Tower 2021B)
Telephone: (213) 615-6032
Facsimile: (213) 615-6199

If to CDLAC: California Debt Limit Allocation Committee
Room 311
915 Capitol Mall
Sacramento, CA 95814
Attention: Executive Director

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the County. The Trustee and the Borrower shall not discriminate in their employment practices against any employee or applicant for employment; denial of family and medical care leave; denial of pregnancy disability leave or

reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 27. [Reserved].

Section 28. Financial Obligations Personal to Borrower. The LACDA acknowledges that the Project shall be encumbered by the Bond Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the LACDA shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership.

Section 29. Americans with Disabilities Act. Each of the Borrower and the Trustee hereby certifies that it and any contractor and subcontractor will comply with the Americans with Disabilities Act 42 U.S.C. Section 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub.L.110-325 and all subsequent amendments (the "ADA"). Each of the Borrower and the Trustee and any contractor or subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 30. [Reserved].

Section 31. Limitation on Liability. The Borrower's liability hereunder shall not be limited in the case of the following:

- (a) a willful breach by the Borrower of the provisions of the Bond Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;
- (b) any liability, damage, cost or expense incurred by the LACDA or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and
- (c) any failure by the Borrower to comply with Section 9 or Section 13 of this Regulatory Agreement.

In addition, each individual, other than any representative of the LACDA, signing this Agreement, or any other Loan Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Loan Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

Section 32. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 32, as follows:

(a) The Borrower shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and is attached hereto as Exhibit G. Notwithstanding anything to the contrary herein, the provisions of this Section 32 shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(b) The Borrower acknowledges that the LACDA shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower will cooperate fully with the LACDA in connection with such monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions is the responsibility of the Borrower to report to the LACDA.

(i) The Borrower shall prepare and deliver a Certificate of CDLAC Program Compliance pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the LACDA not later than January 15 of each year, and the LACDA will submit to CDLAC not later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each

such three year period) until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, executed by an Authorized Borrower Representative.

(ii) The Borrower shall prepare and deliver a Self Certification Certificate pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the LACDA, not later than January 15 of each year, and the LACDA will submit to CDLAC, not later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Self Certification Certificate in the form provided by CDLAC.

(iii) Within 30 days following the completion of the Project, the Borrower will prepare and submit to the LACDA, Trustee and CDLAC, a Construction Completion Certificate. Following the submission of the Construction Completion Certificate, the Borrower will prepare and submit to the LACDA, not later than January 15 every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time.

(c) Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least 50% of the units in the Project are first occupied or such later date as the Qualified Project Period shall begin, as required by the CDLAC Conditions.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the issuer of the Bond, (iii) any change in the name of the Project or the Project manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement; or (v) termination of this Regulatory Agreement.

(e) Any of the foregoing requirements of CDLAC contained in this Section 32 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 32 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the LACDA has received an opinion of Bond Counsel that any such provision is not required by the Code and the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 32 shall be void and of no force and effect if the LACDA and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to cease to be Tax-exempt or to the effect that compliance with such requirement would be in conflict with the Code, the Act, or any other state or federal law.

(f) CDLAC is intended to be and is a third party beneficiary of this Regulatory Agreement, and CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the LACDA and/or the Trustee or to cause the LACDA or the Trustee to enforce, the provisions of Section 32(d) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

(g) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Bondowner Representative, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of Los Angeles County, California, of a regulatory agreement between the Borrower and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Borrower and approved by CDLAC. The LACDA may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the LACDA, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY, as LACDA

By: _____
Executive Director or Designee

Print Name

Approved as to form:

Rodrigo Castro-Silva, County Counsel

Deputy

[Signature Page to *Essex Tower* Regulatory Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Name: Bertha Mares
Title: Vice President

[Signature Page to *Essex Tower* Regulatory Agreement]

CHERRY ON TOP, LP, a California limited partnership

By: InSite Development, LLC, a California limited liability company, its Co-General Partner

By: _____

Name: Steven Eglash

Title: Managing Member

By: Housing Corporation of America, a Utah nonprofit corporation, its Managing General Partner

By: _____

Name: Carol Cromar

Title: President

[Signature Page to *Essex Tower* Regulatory Agreement]

NOTARY ACKNOWLEDGMENT STATEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT SITE

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

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 69587, IN THE CITY OF LANCASTER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 370, PAGES 95, 96 AND 97, OF PARCEL MAPS AND WAS AMENDED BY A CERTIFICATE OF CORRECTION RECORDED NOVEMBER 2, 2011 AS INSTRUMENT NO. 20111487546 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE, PERPETUAL EASEMENT AND RIGHT OF WAY FOR PARKING OF VEHICLES, THE ACCOMMODATION OF PEDESTRIANS IN CONNECTION WITH THE USE OF SUCH PARKING SPACES, WHICH INCLUDE DRIVEWAYS AND SIDEWALK AREAS AND ACCESS AND USE OF COMMUNITY FACILITIES AS DESCRIBED IN THAT CERTAIN CROSS EASEMENT AGREEMENT RECORDED FEBRUARY 2, 2007 AS INSTRUMENT NO. 20070231632, OF OFFICIAL RECORDS AND AS MODIFIED BY A CERTAIN FIRST AMENDMENT TO THE CROSS EASEMENT AGREEMENT RECORDED DECEMBER 03, 2009, AS INSTRUMENT NO. 20091829226, OF OFFICIAL RECORDS.

APN: 3133-002-026

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [PERIOD] ENDING _____

[\$8,000,000]

Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

The undersigned, being the Authorized Borrower Representative of Cherry On Top, LP, a California limited partnership (the "Borrower"), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower's participation in the multifamily housing program of the Los Angeles County Development Authority (together with any assigns or successors thereto, the "LACDA"), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [_____] 1, 2021 (the "Regulatory Agreement"), among the Borrower, the LACDA and U.S. Bank National Association, as Trustee relative to the multifamily housing project located at 44948 10th Street West, in the City of Lancaster, in Los Angeles County (the "Project"), known as Essex Tower.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants and Very Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant or a Very Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants or Very Low Income Tenants: _____%
Unit Nos. _____ and size

Occupied by Low Income Tenants: _____%
Unit Nos. _____ and size

Occupied by Very Low Income Tenants: _____%
Unit Nos. _____ and size

Held vacant for occupancy continuously since last occupied by Low Income Tenants: _____%
Unit Nos. _____ and size

Held vacant for occupancy continuously _____%
since last occupied by Very Low Income Tenants: Unit Nos. _____ and
size

Vacant Units: _____%

Low Income Tenants who commenced
Occupancy of units during the
Preceding [month/quarter]: Unit Nos. ____

Very Low Income Tenants who commenced
Occupancy of units during the
Preceding [month/quarter]: Unit Nos. ____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet of each unit. It also indicates which units are occupied by Low Income Tenants and Very Low Income Tenants and which units became Low Income Units and Very Low Income Units during the preceding [period]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [period] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

[Remainder of page left blank]

CHERRY ON TOP, LP, a California limited partnership

By: InSite Development, LLC, a California limited liability company, its Co-General Partner

By: _____

Name: Steven Eglash

Title: Managing Member

By: Housing Corporation of America, a Utah nonprofit corporation, its Managing General Partner

By: _____

Name: Carol Cromar

Title: President

[Signature Page to *Essex Tower* Certificate of Continuing Program Compliance]

EXHIBIT C

FORM OF INCOME CERTIFICATION

[or such other form as shall be provided by the LACDA]

Apartment Number: _____ Initial Occupancy Date: _____

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.

Re: Essex Tower, 44948 10th Street West, the City of Lancaster, County of Los Angeles, California

The undersigned hereby (certify) (certifies) that:

1. This Income Certification is being delivered in connection with the undersigned’s application for occupancy of Apartment #_____ in Essex Tower, 44948 10th Street West, the City of Lancaster, in the County of Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant:

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s)	No	Not Applicable
---------	----	----------------

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(d) Is any student listed in paragraph 2 above a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum

additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

Occupant	Anticipated Annual Income	Source of Income or Employer
(a) _____ _____	\$ _____	_____
(b) _____ _____	\$ _____	_____
(c) _____ _____	\$ _____	_____
(d) _____ _____	\$ _____	_____
(e) _____ _____	\$ _____	_____
(f) _____ _____	\$ _____	_____
TOTAL	\$ _____	

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the

values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

_____ Yes _____ No

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of
\$ _____; and

(ii) state:

(A) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent:

\$ _____

(B) the amount of such income, if any, that was included in Item 4 above:

\$ _____

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) _____ Date: _____
- (b) _____ Date: _____
- (c) _____ Date: _____
- (d) _____ Date: _____
- (e) _____ Date: _____
- (f) _____ Date: _____

[The signatures of all persons over the age of 18 years listed in Number 2 above are required]

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ _____
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ _____
- (c) Subtract (b) from (a) \$ _____
- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.
Passbook rate _____% X _____ = \$ _____
- (e) Enter the greater of (b) or (d) \$ _____
- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ _____

13. The amount entered in 12(f):
- (a) _____ Qualifies the applicant(s) as a Lower Income Tenant(s).
 - (b) _____ Does not qualify the applicant(s) as Lower Income Tenant(s).
 - (c) _____ Qualifies the applicant(s) as a Very Low Income Tenant(s).
 - (d) _____ Does not qualify the applicant(s) as Very Low Income Tenant(s).

14. Number of apartment unit assigned: _____
 Bedroom size: _____ Rent: \$_____

Tenant-paid Utilities:

Water _____ Gas _____ Electric _____

Trash _____ Other (list type) _____

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

_____ Yes _____ No

16. Method used to verify applicant(s) income:

_____ Employer income verification

_____ Social Security Administration verification

_____ Department of Social Services verification

_____ Copies of tax returns

_____ Other (_____)

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

_____ Copies of Tax Returns

_____ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date _____

Signature of Authorized Borrower
Representative:

By _____
Name _____
Title _____

EXECUTION OF ITEMS 19 AND 20

_____ IS _____ IS NOT NECESSARY.

Initials: _____.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of _____, 20____ and state:

_____ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

_____ (b) The following information is provided to update the information previously provided in the Income Certification:

[Remainder of page intentionally left blank]

- (a) _____ Date: _____
- (b) _____ Date: _____
- (c) _____ Date: _____
- (d) _____ Date: _____
- (e) _____ Date: _____
- (f) _____ Date: _____

20. **BORROWER'S STATEMENT:** The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date _____

Signature of Authorized Borrower
Representative

By _____
Name _____
Title _____

[Remainder of page intentionally left blank]

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the Los Angeles County Development Authority for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages _____

Overtime _____

Bonuses _____

Commissions _____

Total Current Income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Date

By _____
Name _____
Title _____

I hereby grant you permission to disclose my income to _____,
in order that they may determine my income eligibility for rental of an apartment located in their
project which has been financed by an issuance of a bond by the Los Angeles County Development
Authority.

Date _____

Signature _____

Please send form to: _____

[Income verification signature page]

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date _____

Signature _____

EXHIBIT D

FORM OF ANNUAL TENANT INCOME RECERTIFICATION

[or such other form as shall be provided by the LACDA]

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
ANNUAL TENANT INCOME RECERTIFICATION**

Project name: Essex Tower

Apartment # _____ Date of Original Certification _____

Resident name _____

TO THE RESIDENT:

This form is a continuation of the Los Angeles County Development Authority (the "LACDA") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the LACDA to maintain this information in order to maintain the Program.

Household Composition:

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? _____

If so, please describe and list amount and annual income expected to be derived from such assets. _____

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

Please have all occupants over the age of 18 sign this certification.

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

- 1) _____
- 2) _____
- 3) _____
- 4) _____

MANAGER'S SIGNATURE:

DEFINITION OF INCOME

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

1. Project Name Change: No _____ Yes _____
(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: _____ Original: _____

2. CDLAC Application No.: 20-585

3. Bond Issuer Change: No _____ Yes _____
(If Bond Issuer has changed since the award as a result of refinancing or refunding of an allocation, please note the new Issuer as well as the original Issuer.)

New: _____ Original: _____

Address: _____

Phone #: _____

Email: _____

4. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____ *If yes, please describe and explain.*

If your answer is Yes, there is no need to complete the rest of the form. Please submit the form completed through question #4.

5. Change in Borrower No _____ Yes _____
(If Borrower has changed since the award affecting the CDLAC Resolution please note the new Borrower as well as the original Borrower.)

New: _____ Original: _____

Address: _____

Phone #: _____

Email: _____

6. Change in Management Company No _____ Yes _____
(If yes, please provide the following information for the New Management Company.) New: _____

Original: _____

Address: _____

Phone #: _____

Email: _____

7. Has the Qualified Project Period commenced? No _____ Yes _____
 (If yes, please submit the Rehabilitation Completion Certificate (one time only).)
 Already Submitted Certification

8. Has the project been completed and placed in service? No _____ Yes _____
 (If yes, please submit the Rehabilitation Completion Certificate (one time only).)
 Already Submitted Certification

9. Has any of the following events occurred associated with the bond allocation: notices of defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
 No _____ Yes _____ If yes, please describe and explain

10.

Federally Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
___ at 50% AMI	___ at 50% AMI	___ at 50% AMI
___ at 60% AMI	___ at 60% AMI	___ at 60% AMI
Total _____	Total _____	Total _____

Please attach a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units.

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 bedroom	_____	_____
2 bedroom	_____	_____
3 bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC Resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- ___ After-school Programs
- ___ Educational, health and wellness, or skill development classes
- ___ Health and Wellness services and programs (not group classes)
- ___ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- ___ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excluded)?
 No _____ Yes _____

Are all hour requirements being met? No _____ Yes _____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and/or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. 20-118 (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on September 16, 2020, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the CDLAC Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

EXHIBIT F

[Form of]

STATISTICAL REPORT TO LACDA

Reporting Period: _____, _____. Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; units occupied by Very Low Income Tenants: _____; vacant units most recently occupied by Low Income Tenants: _____; vacant units most recently occupied by Very Low Income Tenants: _____; other vacant units: _____.

2. Total units occupied by households with children, to the extent such information has been provided by tenants: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

4. The number of Low Income Tenants who terminated their rental agreements during the previous 12-month period is _____. The number of Very Low Income Tenants who terminated their rental agreements during the previous 12-month period is _____.

5. The number of units rented to new Low Income Tenants during the last 12-month period is _____. The number of units rented to new Very Low Income Tenants during the last 12-month period is _____.

6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Low Income Unit and a Very Low Income Unit are listed on the schedule attached hereto.

7. The number of Low Income Units of various sizes is:
studio:
one-bedroom:
two-bedroom:
three-bedroom:

8. The number of Very Low Income Units of various sizes is:
studio:
one-bedroom:
two-bedroom:
three-bedroom:

CHERRY ON TOP, LP, a California limited partnership

By: InSite Development, LLC, a California limited liability company, its Co-General Partner

By: _____

Name: Steven Eglash

Title: Managing Member

By: Housing Corporation of America, a Utah nonprofit corporation, its Managing General Partner

By: _____

Name: Carol Cromar

Title: President

EXHIBIT G
CDLAC RESOLUTION

EXHIBIT H

MULTI-FAMILY BOND POLICIES AND PROCEDURES

AFFORDABILITY REQUIREMENTS

A. Number of Affordable Units

At least 20% of the units in each project must be rented to or held available for rent to very low-income tenants (50% of median-income, adjusted for household size) or 40% of the project units must be rented to or held available for rent to low-income tenants (60% of median-income), with an additional 10% of these units set at the very low-income level.

B. Term

The term of the affordability requirement is the longer of (a) 30-years from the beginning of the Qualified Project Period or the date of the refunding, as applicable, and (b) such period as may be required in the opinion of bond counsel to meet federal or state law. The rent of “in-place” tenants at the conclusion of the required affordability period will continue to be governed by the applicable affordability restriction, so long as those tenants continue to live in the development.

C. Income Limits

Total household income for income-restricted units may not exceed 50% or 60% of the median income as applicable, adjusted by household size, as set by the U.S. Department of Housing and Urban Development (HUD). These limits will be adjusted periodically when HUD adjusts the median-income standards.

D. Annual Certification of Tenant Income

The project owner must certify tenant eligibility annually. If at the annual certification a tenant’s income exceeds 1.4 times the then-income limit for initial occupancy, the owner must rent the next available unit to a new income-eligible tenant. The owner may raise the current tenant’s rent to market rent only upon renting the next available unit to a new low-income or very low-income household, as applicable, to be counted toward meeting the affordable unit requirements. A unit rented only to students does not count toward the affordable unit requirements unless they are married and are not listed as dependents on another household’s tax returns.

E. Rent Limits

The maximum rents for all the affordable units are adjusted based on the percentage increase in the HUD-determined median-income for Los Angeles County. These rents are based on $\frac{1}{12}$ of 30% of the appropriate income limits, assuming 1 person in a studio, 2 persons in a one-bedroom, 3 persons in a two-bedroom and 4 persons in a three-bedroom unit. These assumptions differ for projects using LIHTCs, which assumes 1 person in a studio and 1.5 persons per bedroom. In the event tax-exempt bonds are used with LIHTCs, the more restrictive rents apply.

EXHIBIT I

REHABILITATION COMPLETION CERTIFICATE

\$[8,000,000]

Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Essex Tower Apartments)
2021 Series B

1) Project Name: Essex Tower
(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC Resolution.)

Original: _____

2) CDLAC Application No.: 20-585

3) Name of Bond Issuer: Los Angeles County Development Authority

4) Name of Borrower: Cherry On Top, LP
(If Borrower has changed name since the award please note the original Borrower and request a change in the CDLAC Resolution.)

Original: _____

5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$[_____]

(b) all amounts disbursed from proceeds of the Bond have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95% of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25% of the amounts disbursed from the proceeds of the Bond, exclusive of amounts applied to pay the costs of issuing the Bond, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified Project Period.

No _____ Yes _____

(a) 10% of the dwelling units in the Project financed in part from the proceeds of the Bond were first occupied on _____, 20__ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the Bond were first occupied on _____, 20____.

7) If no to (6), the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.

No _____ Yes _____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Bond issuance date.)

(a) Bond was issued on _____, 20____

(b) Property was acquired on _____, 20____

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or Bond issuance) is _____, 20____

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT J

FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

Project Name: Essex Tower

(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)

CDLAC Application No.: 20-585

Name of Bond Issuer: Los Angeles County Development Authority

Name of Borrower Cherry On Top, LP

(If Borrower has changed since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)

Project meets the general federal rule for a Qualified Project Period

Yes_____ No_____

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on _____, 20__; and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on _____, 20__.

Project meets the special federal rule for a Qualified Project Period.

Yes_____ No_____

(Project qualifies if it is an acquisition/rehabilitation where more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)

(a) Bond was issued on _____, 20__

(b) Date 12 months after the Bond Issuance date _____, 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number