HOUSING AUTHORITY
of the County of Los Angeles
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Commissioners

Carlos Jackson
Executive Director

January 31, 2006

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

Dear Commissioners:

APPROVE A DISPOSITION AND DEVELOPMENT AGREEMENT WITH MAPLE GLEN, LLC TO DEVELOP AND SELL 31 HOMES IN UNINCORPORATED SOUTH WHITTIER (1)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration (EA/MND) and Amended Environmental Assessment (AEA) prepared pursuant to requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of 31 single-family homes at 13832 Utica Street and 12127 and 12112 Ramsey Drive in unincorporated South Whittier (collectively, the Site).

2. Find that after incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan (MMP), and required as a condition of project approval, the project will not have a significant effect on the environment; approve the EA/MND and AEA; find that the project will have no adverse effect on wildlife resources, and authorize the Executive Director of the Housing Authority to complete and file with the County Clerk a Certificate of Fee Exemption for the project described above.

3. Find that the EA/MND and AEA reflect the independent judgment of the Housing Authority; instruct the Executive Director to file with

the County Clerk a Notice of Determination, as required by CEQA; and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action.

4. Approve a Disposition and Development Agreement (DDA), presented in substantially final form, between the Housing Authority and Maple Glen LLC, a California Limited Liability Corporation (Developer), for development of 31 single-family homes on the Site identified above.

5. Authorize the Executive Director to approve the sale of the site to the Developer, for the acquisition price of $1,495,792 and execute a Land Acquisition Loan in the same amount, to be evidenced by a Promissory Note and secured by a subordinated Deed of Trust in favor of the Housing Authority, to be repaid from second trust deed loans on the 16 homes reserved for qualified low-income, first-time homebuyers (Qualified Buyers).

6. Authorize the Executive Director to provide $104,208 in City of Industry Redevelopment Housing Set-Aside Funds as down payment and closing cost assistance, consisting of $6,513 to each of the Qualified Buyers.

7. Authorize the Executive Director to execute the DDA, and any additional documents necessary to complete the secondary financing of the homes, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a DDA authorizing the sale of the Site, for the purpose of developing 31 new, single-family homes. Sixteen of the units, consisting of nine units on fee simple lots and seven condominium units, will be reserved for Qualified Buyers.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Developer will obtain a private construction loan of $8,711,519. Payment of the cost of sales and Developer equity will be deferred during construction.

The development has a current estimated value of $15,035,000 based on the market price of $485,000 per home. Sales of the 15 market rate homes will generate revenue of $7,275,000. Qualified Buyers will contribute another $4,240,000, through estimated

average first mortgages of $265,000. The Housing Authority will provide Qualified Buyers with secondary mortgages consisting of $6,513 in down payment and closing cost assistance, plus the cost of land, valued at $93,487 per home. The remaining equity of $120,000 will be secured by a tertiary mortgage in favor of the Housing Authority.

Qualified Buyers will execute deferred payment, non-interest bearing promissory notes, which are forgivable at the end of a 45-year term. The entire principal amount, plus a pro rata share of equity appreciation, will become due if there is a sale or transfer of title to the homes prior to the 45-year maturity date. The notes will be secured by second trust deeds recorded in favor of the Housing Authority.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Site is 3.5 acres in size. It consists of two parcels, which were purchased and cleared in 2003 and 2004, using $1,201,811 in City of Industry Redevelopment Housing Set-Aside Funds and $293,981 in Community Development Block Grant (CDBG) funds allocated to the First District.

The proposed development will consist of 31, 4-bedroom, 2-½ bath homes, ranging in size from 1,558 to 1,837 square-feet. Sixteen homes will be reserved for sale to Qualified Buyers with incomes not exceeding 80 percent of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as defined by the U.S. Department of Housing and Urban Development. Fifteen homes will be sold at market rate, with no income restrictions.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment (EA) and Amended Environmental Assessment (AEA) were prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969. These documents describe the proposed project, evaluate the potential environmental effects, and describe the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the EA and AEA, a Finding of No Significant Impact was approved by the Community Development Commission on November 12, 2002. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on November 30, 2002.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the EA would be used in place of an Initial Study to satisfy CEQA requirements. The EA/MND was circulated for public review as

required by state and local law, and the EA/MND, in conjunction with the MMP, meets the requirements of CEQA.

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

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

IMPACT ON CURRENT PROJECT:

Approval of the DDA will enable the Developer to complete the development and sale of the homes, which will increase the affordable housing stock in the County.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 5

ATTACHMENT A

HOUSING FINANCIAL ANALYSIS

The project consists of 31 homes, to be located at 13832 Utica Street and 12127 and 12112 Ramsey Drive in unincorporated South Whittier. Sixteen homes will be sold to households earning up to 80 percent of the median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). Fifteen homes will be sold at market rate with no income restrictions.

CONSTRUCTION PHASE	**TOTAL**	**Per Unit**	
Uses		Market Rate	Affordable
	31	15	16
Total Value	**$15,035,000**	**$485,000**	**$485,000**
Sources			
Industry Funds (land)	1,201,811	0	75,113
CDBG (land)	293,981	0	18,374
Private Construction Loan	8,711,519	281,017	281,017
Deferred Equity	4,015,101	177,771	84,284
Cost of Sales	812,588	26,213	26,213
Total Value	**$15,035,000**	**$485,000**	**$485,000**

PERMANENT PHASE			
Uses			
Total Value	**$15,035,000**	**$485,000**	**$485,000**
Sources			
Buyer Funds	11,515,000	485,000	265,000
HACOLA Secondary Financing			
Down Payment Assistance	104,208	0	6,513
Industry Funds (land)	1,201,811	0	75,113
CDBG (land)	293,981	0	18,374
HACOLA Tertiary Financing	1,920,000	0	120,000
Total Value	**$15,035,000**	**$485,000**	**$485,000**

County of Los Angeles
Community Development Commission

DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: Utica-Ramsey Construction Project

PROJECT DESCRIPTION: The proposed project involves the acquisition of six lots totaling approximately 107,450 square feet (2.47 acres) for the development of 26 single-family homes. The homes will be two-story detached buildings ranging from 1,350 to 1,600 square feet and each will have an attached two-car garage. The project includes demolition of a residence and shed at the corner of Utica and Ramsey and demolition of a duplex on Ramsey Drive. Offsite improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.

PROJECT LOCATION: The project site is located within the community of Whittier in unincorporated Los Angeles County, California. The project site consists of approximately 2.47 acres at 13832 Utica Street, 11931-11937 Ramsey Drive, and 12127 Ramsey Drive.

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

The following mitigation measures are required:

1. **Site Hazards.** All recommendations of the ongoing Phase II Environmental Site Assessment concerning remediation of any identified hazardous conditions shall be fully implemented. Any onsite contamination exceeding regulatory action levels shall be remediated in accordance with the requirements of the appropriate oversight agency.

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

3. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

4. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

   - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

   - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

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

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

HUD - NEPA- ENVIRONMENTAL ASSESSMENT

Project Name: Utica-Ramsey Construction Project

Project Location: The project site is located within the community of Whittier in unincorporated Los Angeles County, California. The project site consists of approximately 2.47 acres at 13832 Utica Street, 11931-11937 Ramsey Drive, and 12127 Ramsey Drive. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Whittier.

Assessor's Parcel Number(s): 8031-006-050 through -054 and 8031-0067-013

Statement of Need: The project is consistent with the guidelines of the CDBG program. The proposed project provides for the development of affordable single-family homes.

Project Description: The proposed project involves the acquisition of six lots totaling approximately 107,450 square feet (2.47 acres) for the development of 26 single-family homes. The homes will be two-story detached buildings ranging from 1,350 to 1,600 square feet and each will have an attached two-car garage. The project includes demolition of a residence and shed at the corner of Utica and Ramsey and demolition of a duplex on Ramsey Drive. Offsite improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation. Figures 3a and 3b show some of the existing site conditions.

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Land Development							
Conformance With Comprehensive Plans and Zoning	X						The project site is designated in the Los Angeles County General Plan as low-density residential and is zoned A-1, *Light Agricultural,* which allows single-family residential development (a). The proposed project would be consistent with these designations.
Compatibility and Urban Impact	X						The project site is surrounded by single-family residential development (b). The proposed project would be compatible with the scale and type of surrounding development.
Slope	X						Most of the site along Utica Street is flat; however, there is a small pile of soil near the residence at 13832 Utica Street, and portions of the southern end of the property slope down about ten feet (b). The site at 12127 is level. Grading would be done to level the site for development. However, the project would not involve major topographic modifications or create any significant erosion or sedimentation problems.
Erosion	X						There is no evidence of any substantial erosion problems onsite (b).
Soil Suitability	X						There is no evidence of soil suitability problems on the project site (b). Routine soil tests would need to be conducted to determine foundation design parameters for new structures.
Hazards and Nuisances, Including Site Safety				X			Two Phase I Environmental Site Assessments (ESA) were conducted at the project site by Block Environmental in June and July 2002 (c, d). The first one, done in June 2002, focused on the properties at 13832 Utica Street and 11931 and 11937 Ramsey Drive. This Phase I identified a stockpile of imported soil adjacent to the residence at 13832 Utica Street, the origin of which is unknown. Given the unknown origin of the soil, the Phase I concluded that it may contain hazardous chemicals or petroleum products. In addition, the residences onsite were built in the 1940s and 50s; therefore, given their age, they may contain asbestos and/or lead-based paint. A second Phase I ESA was conducted in July 2002 for the vacant site at 12127 Ramsey Drive. No recognized environmental conditions were observed at this location. A Phase II ESA is currently underway to test for the presence of petroleum hydrocarbons and/or volatile organic compounds in the stockpiled soil and to determine the presence or absence of asbestos and lead-based paint in the onsite structures.

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas. However, because these resources are available both locally and regionally, no significant impact to the availability of energy resources is expected over the long-term. The project would comply with state energy conservation requirements.
Noise							
Effects of Ambient Noise on Project and Contribution to Community Noise Levels	X						Project construction would generate short-term noise level increases. Local noise ordinances would apply. The project site is located within a relatively quiet residential neighborhood. Future project residents would not therefore be exposed to unacceptable noise levels. Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 249 average daily vehicle trips on local roadways (e). However, this increase would not significantly increase roadway noise levels. Therefore, long-term noise impacts are expected to be less than significant.
Air Quality							
Effects of Ambient Air Quality on Project and Contribution to Community Air Pollutant Levels	X						The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM_{10}). Project residents would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (f). Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.
Environmental Design and Historic Values							
Visual Quality - Coherence, Diversity, Compatible Use, and Scale	X						The project would involve the development of 26 single-family homes in an area that is dominated by single-family residential development (b). The completed project would be compatible with the visual context of the existing neighborhood and impacts would be less than significant.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing opportunities and could accommodate approximately 104 new people (assuming 4 people per unit). This increase would not be significant and would not change the demographic character of the area.
Displacement	X						A single-family home and a duplex would be demolished to allow for the proposed project. Relocation assistance would be provided in accordance with state and federal requirements. Therefore, impacts relating to displacement would not be significant.
Employment and Income Patterns	X						The project would generate short-term employment opportunities during construction. No adverse impacts to employment or income patterns are expected.
Community Facilities and Services							
Educational Facilities	X						The proposed project would introduce some children to the area. The project would be required to pay school impact fees in accordance with SB 50 to mitigate potential impacts to area schools. Therefore, impacts to educational facilities would be less than significant.
Commercial Facilities	X						The proposed project would not affect commercial facilities.
Health Care	X						The proposed project would not affect access to health care.
Social Services		X					The proposed project would provide affordable housing for people in the area. No other new services would be required for the proposed project.
Solid Waste					X		Construction activity would generate solid waste in the short-term. All construction activity would be required to implement local policies concerning recycling/reuse of construction wastes. The proposed project would increase the generation of solid waste over existing conditions. This increase is not expected to significantly affect area landfills. Nevertheless, because of ongoing concerns about regional landfill capacity, project design should accommodate solid waste recycling.
Waste Water	X						The proposed project could be expected to increase the population by about 104 people (assuming 4 people per unit) and would result in an increase in wastewater generation. The project is consistent with the General Plan designations and zoning for the site; therefore, it is anticipated that wastewater infrastructure has been sized to accommodate urban development similar to that proposed.

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Storm Water	X						Most of the project site is vacant and unpaved (b). Project development would increase the amount of impervious surfaces onsite, which could incrementally increase runoff from the site. However, the area storm drain system is in place and has been sized for urban development. Storm sewers would be installed on the site as part of project development and would be sized adequately to accommodate runoff from the site.
Water Supply				X			The proposed project would incrementally increase water demand over existing uses. However, this increase would not be significant. Nevertheless, because of ongoing concerns about water supply in the Southern California region, water conservation measures should be incorporated into the design of the project.
Public Safety Police	X						The Los Angeles County Sheriff's Department's Norwalk Station, located at 12335 Civic Center Drive in Norwalk, provides police protection services in the project vicinity (g). The proposed project would incrementally increase the demand for police protection services. However, this increase would be nominal and no adverse impact to police services is expected.
Fire	X						The Los Angeles County Fire Department Station 96 would provide fire protection, paramedic and emergency medical technician services to the project site (h). The station is located at 10630 Mills Avenue, approximately 1 mile from the project site. The proposed project would slightly increase the demand for fire protection services; however, Fire Department staff has indicated that they could adequately serve the development (h). Therefore, no adverse impacts to fire protection services are anticipated.
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services (h). Victims would be taken to Los Angeles Community Hospital, less than 3 miles from the project site. No adverse impacts to emergency medical services are anticipated.
Open Space And Recreation Open Space	X						The project would not adversely affect any areas designated as public open space.
Recreation	X						The proposed project would not adversely affect any existing or planned recreational facilities. The Candlewood Country Club is about ¼ mile from the project site, which could provide recreational opportunities for future project residents.
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Transportation	X						The proposed project would generate an estimated 248 average daily vehicle trips (e). This would increase in traffic on roadways in the immediate project vicinity, but is less than the Los Angeles County 500-trip threshold at which a traffic study is normally required. Significant impacts to the area transportation system are not anticipated.
Natural Features							
Water Resources	X						The proposed project would not affect water resources (b).
Surface Water	X						No surface water is located onsite. Therefore, no impacts to surface water would occur.
Watercourses	X						There are no watercourses within the vicinity of the project area (b). No impact to watercourses is anticipated.
Unique Natural Features and Agricultural Lands	X						The proposed project would not affect any natural features. No active agricultural lands or agriculturally zoned lands are present within the project area (a).
Vegetation and Wildlife	X						The project site contains several mature trees and other ornamental landscaping. However, no important biotic communities exist and no wildlife was observed onsite (b). Therefore, the project would not significantly affect vegetation or wildlife.

Project Name and Identification Number: Utica-Ramsey Construction Project/HMD001

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project area is outside the 500-year flood zone, indicating minimal flood potential (i).
3. Wetlands Protection 42 FR 26951	X					No wetlands are located on or near the project site (b).
4. Coastal Zone Plan 16 U.S.C. 1451	X					The project site is not located in a coastal zone.
5. Sole Source Aquifers 42 U.S.C. 201, 300(g) and 21 U.S.C. 349	X					No impact to primary drinking water sources is anticipated.
6. Endangered Species 16 U.S.C. 1531	X					The project site is in an urbanized area. No endangered species are located in the area.
7. Wild and Scenic Rivers 16 U.S.C. 1271	X					No wild or scenic rivers are located in the site vicinity (b).
8. Air Quality Protection 42 U.S.C. 7401	X					The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, nitrogen dioxide, and fine particulate matter (PM_{10}) (f). Project users would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted thresholds or hinder attainment of federal air quality standards (f). Existing SCAQMD regulations restrict the emissions of nuisance dust and fumes during construction and the project would be required to conform to these requirements.
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).
10. Environmental Justice Executive Order 12898	X					The project would provide additional employment opportunities in the community during construction and would provide low-income housing options for area residents. The project would not expose low-income or minority populations to any environmental justice concerns.

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
11. HUD Environmental Standards, 24 CFR 51 as amended						
a. Noise Abatement 24 CFR 51B	X					Project construction would generate short-term noise level increases. Local noise ordinances would apply. The project site is located within a relatively quiet residential neighborhood. Future project residents would not therefore be exposed to unacceptable noise levels. Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 248 average daily vehicle trips on local roadways (e). However, this increase would not significantly increase roadway noise levels. Therefore, long-term noise impacts are expected to be less than significant.
b. Landfill Hazards CPD Letter 79-33	X					The project site is not subject to any known landfill hazards (b).
c. Upset Hazards 24 CFR 51B	X					The project site is not subject to any known upset hazards, nor would the proposed residential use create any significant upset hazards (b).
d. Flammable Oper. 24 CFR 51C	X					The project site is not subject to any known flammable operations or explosives (b).
e. Toxic/Radioactivity HUD Notice 79-33	X					The project site is not subject to any known radioactivity (b).
f. Airport Clear Zones 24 CFR 51D	X					The project site is not in an airport clear zone (j).

Summary of Findings and Conclusions:

The proposed project involves the development of 26 single-family homes. The site is zoned as *A-1, Light Agricultural,* and has a General Plan land use designation of *Low-density Residential.* The proposed project would be consistent with these designations. The project site is located in an area dominated by single-family residential development. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts, nor would it be subject to noise in excess of HUD standards for residential uses.

The project site is generally flat, although part of the site slopes down about 10 feet. A single-family residence, a shed, and a duplex would be demolished and removed to allow project construction. Relocation assistance for the current residents would be provided. No watercourses or water resources are located in the project area. The site supports several mature trees, some ornamental landscaping, and ruderal grassy vegetation. No threatened or endangered wildlife was observed on the site. Although hazardous conditions are not known to exist onsite, soil and/or groundwater contamination could potentially be present and asbestos-containing materials could potentially be present in onsite structures. Additional testing for and, if necessary remediation of, such conditions is recommended.

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

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design. The project is located outside the 500-year flood area, indicating minimal flooding potential in the area.

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

Summary of Environmental Conditions:

The project site is currently occupied by a single-family home, a shed, and a duplex. Vegetation consists of mature trees and disturbed grasses. No wildlife was observed onsite.

Project Modifications and Alternatives Considered:

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

Mitigation Measures Required:

The following mitigation measures are required:

1. **Site Hazards.** All recommendations of the ongoing Phase II Environmental Site Assessment concerning remediation of any identified hazardous conditions shall be fully implemented. Any onsite contamination exceeding regulatory action levels shall be remediated in accordance with the requirements of the appropriate oversight agency.

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

3. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

4. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

    - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

    - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

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

References:

a. Los Angeles Department of Regional Planning, personal communication, August 14, 2002. (CONTACT)

b. Melissa Mascali, Rincon Consultants, Site Visit, August 16, 2002. (FIELD)

c. Block Environmental, *Phase I Environmental Site Assessment, 13831 Utica Street and 11931 and 11937 Ramsey Drive, Whittier, California,* June 28, 2002. (PRINTED)

d. Block Environmental, *Phase I Environmental Site Assessment, 12127 Ramsey Drive, Whittier, California,* July 10, 2002. (PRINTED)

e. Institute of Transportation Engineers, Trip Generation, 6th Edition, 1997. (PRINTED)

f. South Coast Air Quality Management District (November 1999), CEQA Air Quality Handbook. (PRINTED)

g. Los Angeles County Sheriff's Department web site, <http://lasd.org>. (ELECTRONIC)

h. Los Angeles County Fire Department, personal communication, August 16, 2002. (CONTACT)

i. Environmental Systems Research Institute, Inc. (ESRI), Online Hazards Map, http://www.esri.com/hazards/makemap.html. (ELECTRONIC)

j. Thomas Brothers Maps, Los Angeles County, 2002. (PRINTED)

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Utica-Ramsey Construction Project /HMD001

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1. Is the project in compliance with applicable laws and regulations? ☒Yes ☐No

2. Is an EIS required? ☐Yes ☒No

3. A Finding of No Significant Impact (FONSI) can be made. The project will not significantly affect the quality of the human environment. ☒Yes ☐No

Basic Reasons Supporting Decision:

The proposed project involves the development of 26 single-family homes. The site is zoned as *A-1, Light Agricultural,* and has a General Plan land use designation of *Low-density Residential.* The proposed project would be consistent with these designations. The project site is located in an area dominated by single-family residential development. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts, nor would it be subject to noise in excess of HUD standards for residential uses.

The project site is generally flat, although part of the site slopes down about 10 feet. A single-family residence, a shed, and a duplex would be demolished and removed to allow project construction. Relocation assistance for the current residents would be provided. No watercourses or water resources are located in the project area. The site supports several mature trees, some ornamental landscaping, and ruderal grassy vegetation. No threatened or endangered wildlife was observed on the site. Although hazardous conditions are not known to exist onsite, soil and/or groundwater contamination could potentially be present and asbestos-containing materials could potentially be present in onsite structures. Additional testing for and, if necessary remediation of, such conditions is recommended.

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

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design. The project is located outside the 500-year flood area, indicating minimal flooding potential in the area.

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

The following mitigation measures are required:

1. **Site Hazards.** All recommendations of the ongoing Phase II Environmental Site Assessment concerning remediation of any identified hazardous conditions shall be fully implemented. Any onsite contamination exceeding regulatory action levels shall be remediated in accordance with the requirements of the appropriate oversight agency.

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

3. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

4. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

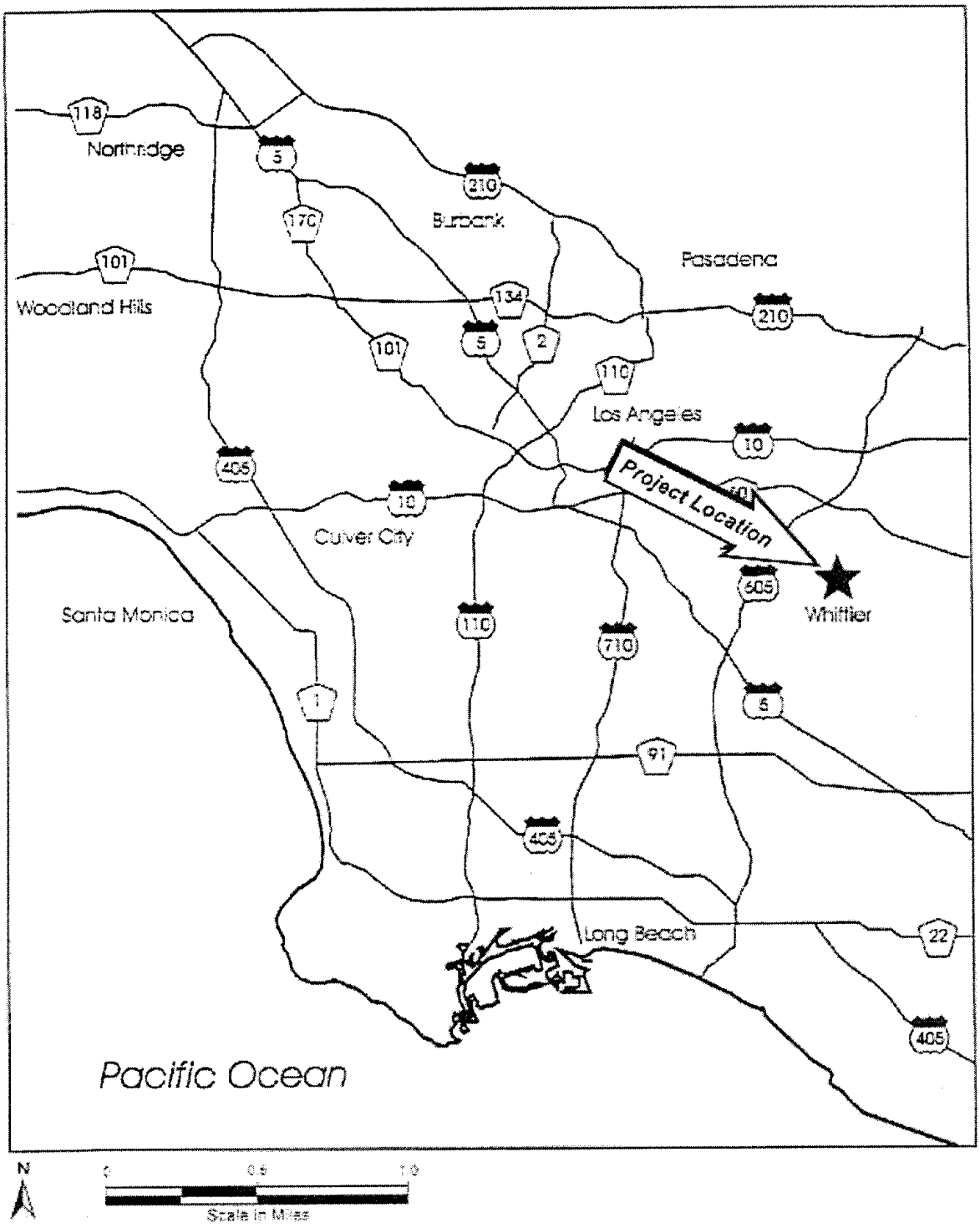
   - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

   - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

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

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

Prepared by:	Melissa Mascali, MESM	**Title:**	Environmental Analyst
Date:	August 29, 2002		
Concurred in:	Donald Dean	**Title:**	Environmental Officer, Community Development Commission of the County of Los Angeles



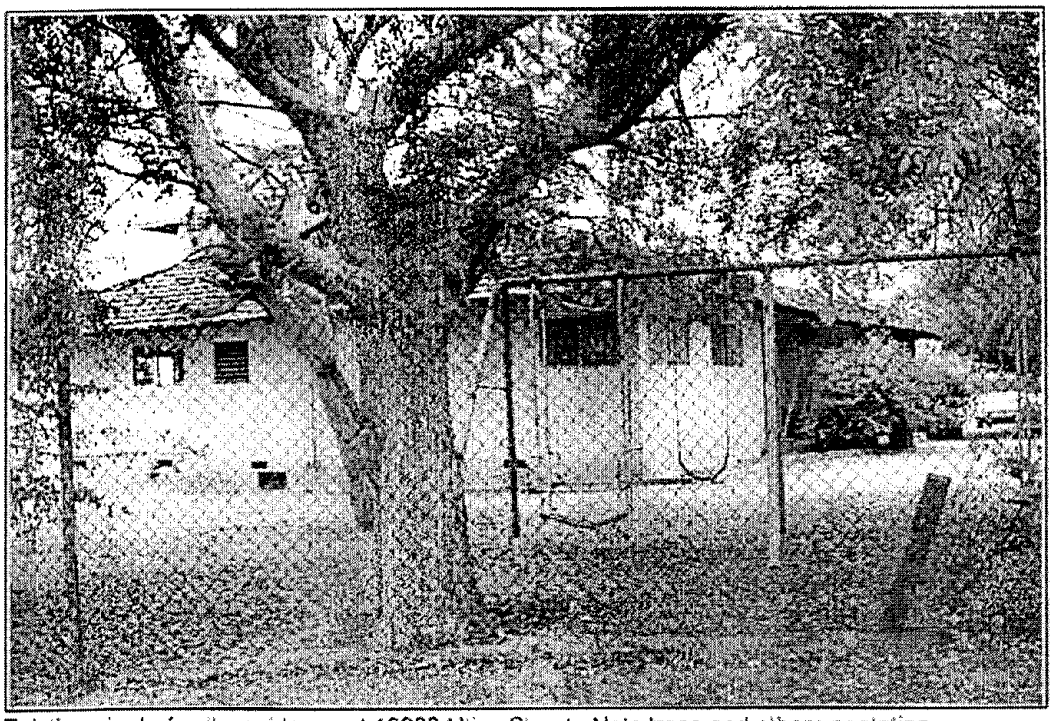
Regional Location

Figure 1

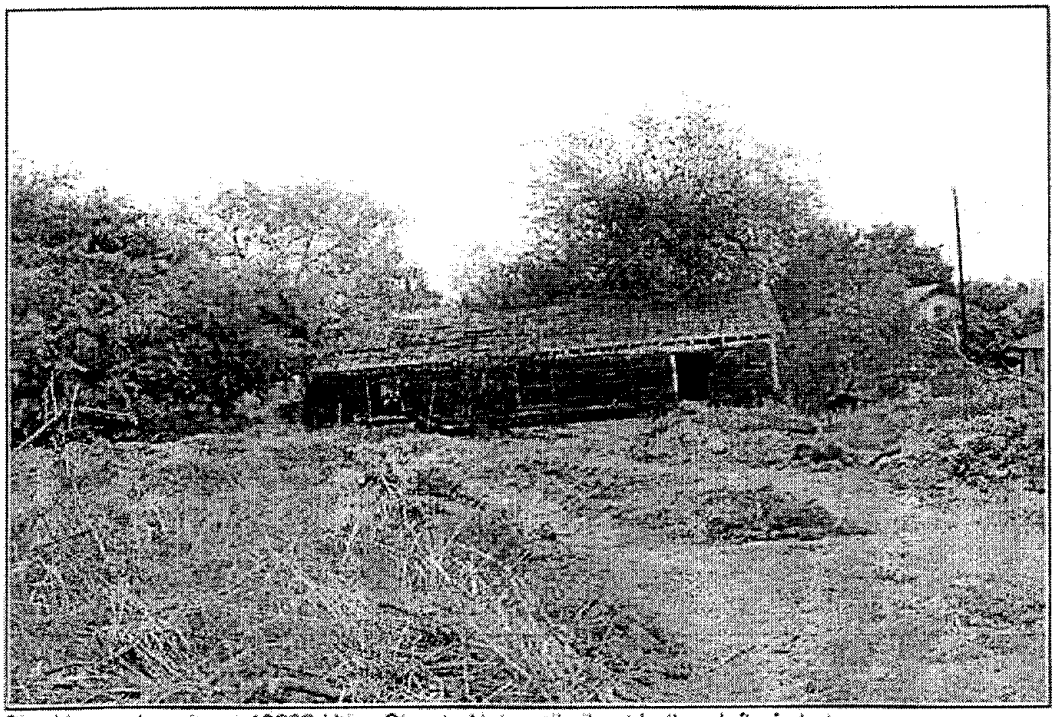
LACDC

Project Location

Figure 2
LACDC



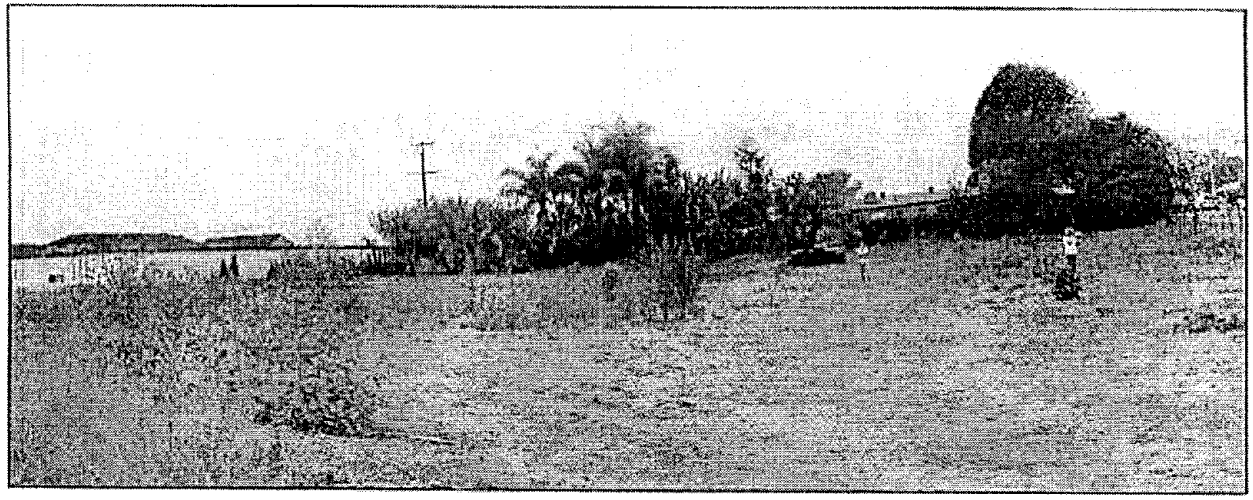
Existing single-family residence at 13832 Utica Street. Note trees and other vegetation.



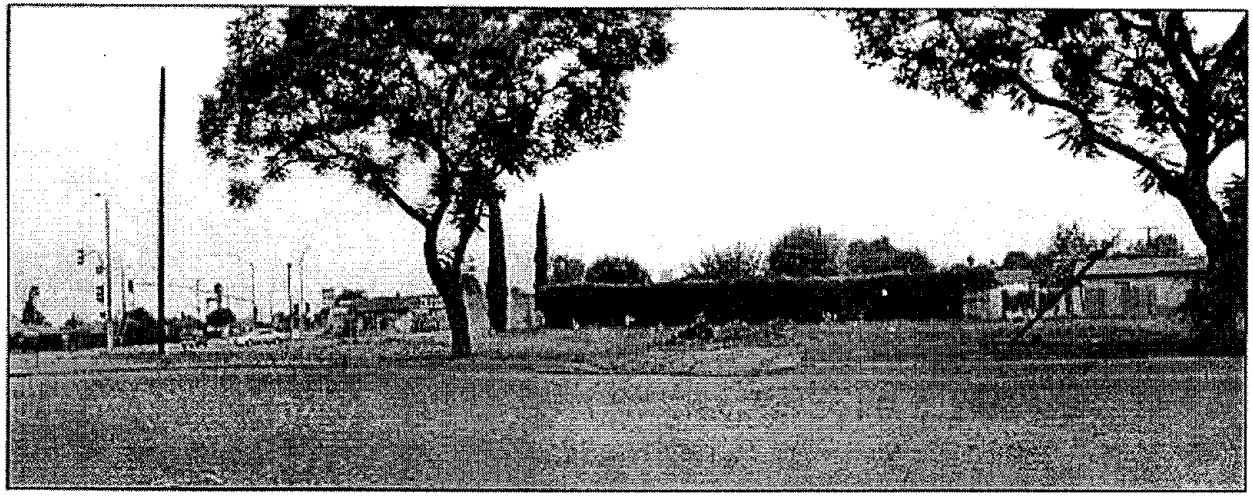
Shed located onsite at 13832 Utica Street. Note soil pile at bottom left of photo.

Existing Site Conditions

Figure 3a



View of project site just west of the residence at 13832 Utica Street.



Vacant lot at 12127 Ramsey Drive. Meyer Road visible at left.

Existing Site Conditions

Figure 3b

LACDC

Section 106 Review

Date: August 20, 2002
Name: Utica-Ramsey Construction Project
Location: 13832 Utica Street, 11931-11937 Ramsey Drive, 12127 Ramsey Drive, Whittier
Project No.: HMD001

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to acquire six lots to construct 26 single family residences. The houses will be two-story detached buildings ranging from 1,350 to 1,600 square feet and each will have a two-car attached garage.

The property at 13832 Utica Street contains a single family residence and garage which will be demolished. Two residences at 11931-11937 will be demolished as well. The third site is a vacant lot. The entire project covers approximately 107,450 square feet or 2.466 acres at 13832 Utica Street (APN 8031-006-050, 051, 052, 053); 11931-937 Ramsey Drive (APN 8031-006-054); 12127 Ramsey Drive (APN 8031-007-013).

Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the above six parcels, the adjacent properties and the properties across the street.

3. Description of Location of Undertaking

The project site is located in unincorporated South Whittier. There are six lots involved. Five of the lots are contiguous on Utica Street and Ramsey Drive. They contain a residence and garage at 13832 Utica Drive constructed in 1948. Adjacent to the house are three vacant contiguous parcels. Adjacent to the vacant parcels is a residence built in the 1950s. The buildings across Utica Street from the project site were built in the 1960s.

There are two residences on a single parcel at 11931-937 Ramsey Drive. They were constructed around 1910. Adjacent to this property is a residence built ca 1950. Across Ramsey Drive from the project site are houses from the 1960s through the present.

The project site at 12127 Ramsey Drive is a vacant lot. Adjacent to the site is a single family residence from the 1940s. Across the street is a vacant lot.

4. Historic Resources/National Register Determination

Development in this area of South Whittier started in 1948 with the first house built located at 13832 Utica Street. Nearby was the Meadows Golf Course, now the Candlewood Country Club. The house was built by the father of the present owner, Mike Kunakoff. The family purchased five lots. They moved the houses located at 11931-937 from Washington and Vermont Street to the present site sometime after 1950. The surrounding neighborhood began to develop in the 1960s with new construction in the last few years.

The house at 13832 Utica Street (Photos 1-2) was built by the Kunakoff family in 1948. It has been extensively altered over time with changes to windows and siding and additions in the rear. It is no longer eligible for listing on the National Register because of a loss of integrity.

The two cottages at 11931-937 Ramsey Drive (Photos 10-11) were built around 1910. They were moved to the site after 1950. Houses that are moved away from their original setting are no longer eligible for listing on the National Register of Historic Places. These houses are examples of common

bungalows built during this time period and are not distinctive enough architecturally to qualify for listing on the National Register.

The adjacent residences within the APE have either been extensively altered or are not yet fifty years of age and do not qualify for listing on the National Register.

In conclusion, there are presently no buildings listed on the National Register or eligible for listing on the National Register of Historic Places.

5. Information from Local Organizations

Because of a lack of historic resources within the APE, no local organizations were contacted. An interview, however, was conducted with the owner of the property on Utica Street, Mike Kunakoff, who provided information about the history of the area.

6. Selected Sources

California Historical Landmarks, 1990

Dataquick Computerized Real Estate Information

Ethnic Survey, Los Angeles County entries.

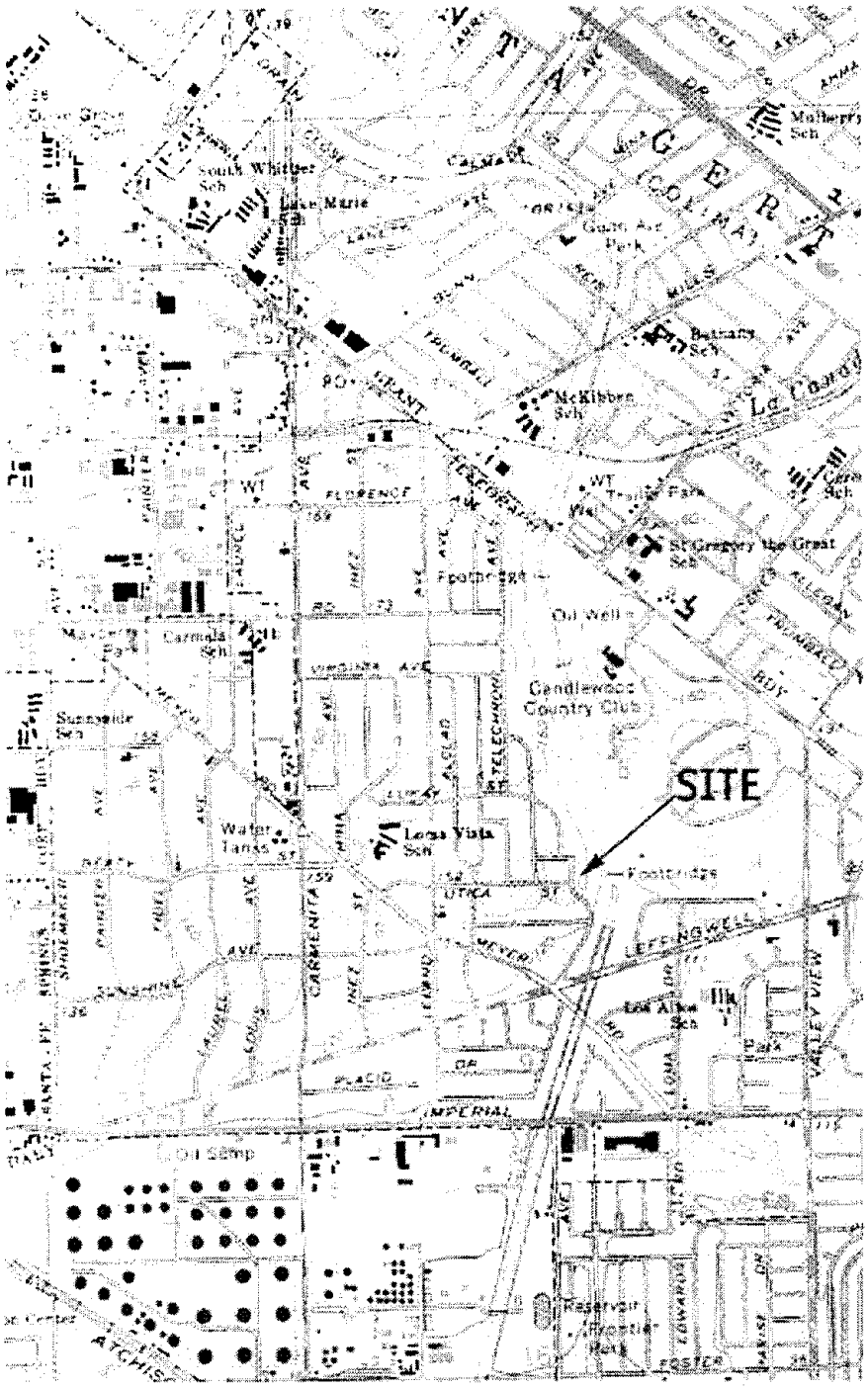
Federal Register Listings through January, 2002

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

Interview with Mike Kunakoff, owner of Utica Street property, 8/16/02

USGS Map, Downey Quadrangle, 1943

USGS Map, Whittier Quadrangle, 1965, photorevised 1981



Location Map
Source: USGS 7.5' Quadrangle: Whittier, 1965 revised to 1981.

Photo 1

project site: 13832 Utica Street, facing southwest

16 August 2002

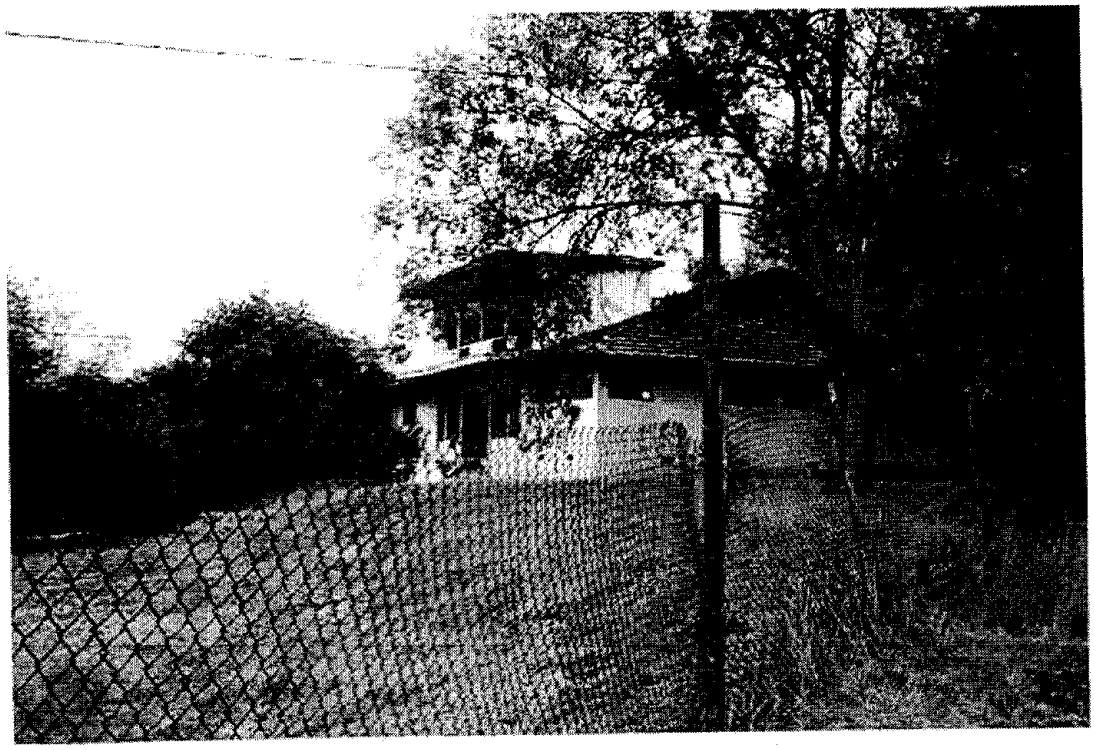


Photo 2

project site: 13832 Utica Street, facing west

16 August 2002

Photo 3

project site: 13832 Utica Street, facing west - vacant lot adjacent to residence on west

16 August 2002

Photo 4

Project site: garage at 13832 Utica Street, facing west

16 August 2002

Photo 5

House adjacent to project site on west, facing south

16 August 2002

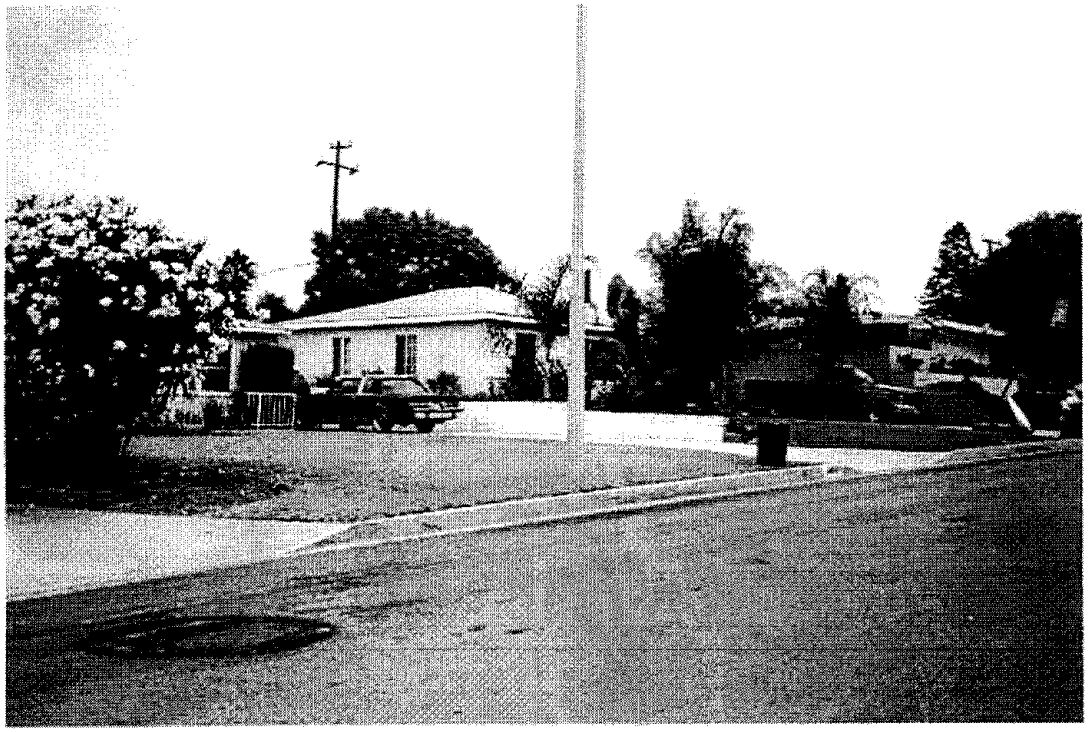


Photo 6

View looking northeast from project site across Utica Street

16 August 2002

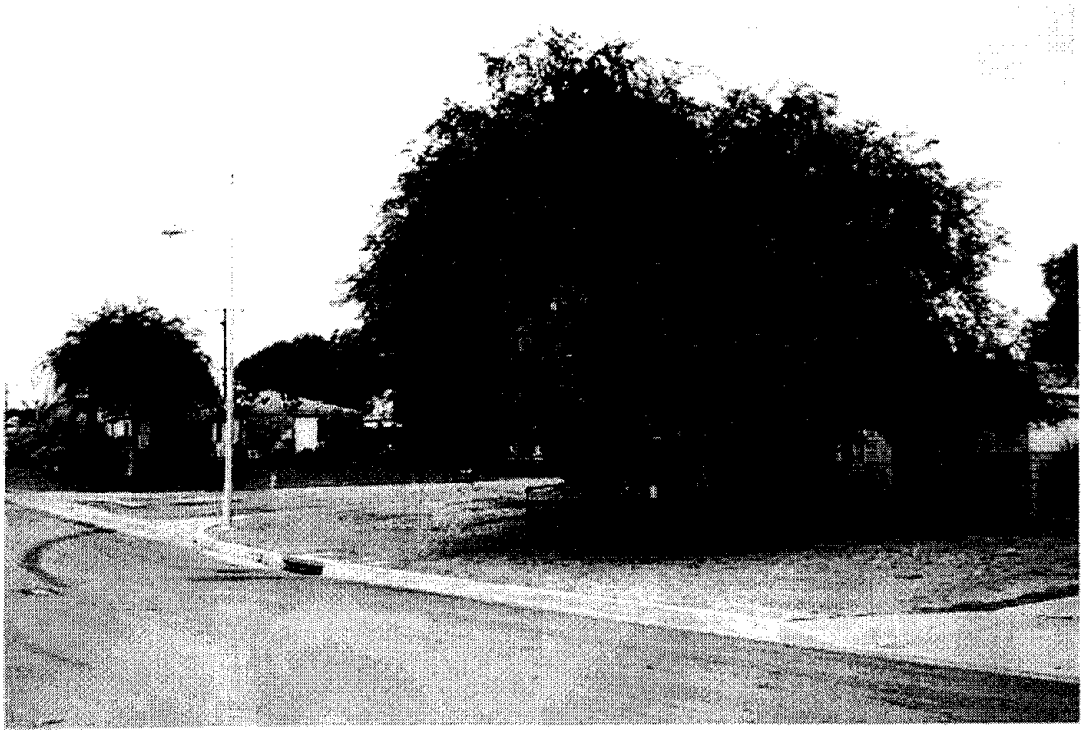


Photo 7

View looking northwest from project site across Utica Street

16 August 2002

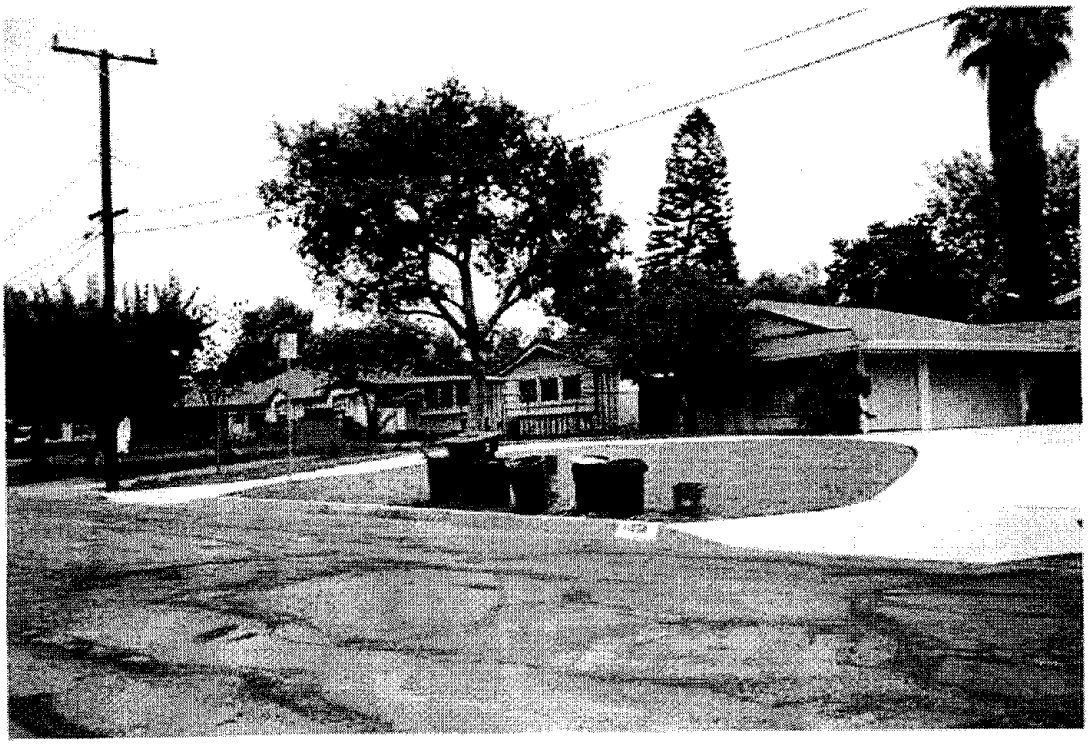


Photo 8

View looking northeast across Ramsey Drive from project site

16 August 2002

Photo 9

View looking southeast along Ramsey Drive from project site

16 August 2002

Photo 10

Project site: 11931 Ramsey Drive, looking west

16 August 2002

Photo 11

Project site: 11937 Ramsey Drive, looking west

16 August 2002

Photo 12

Residence adjacent to project site at 11931 Ramesey Drive, facing northwest

16 August 2002

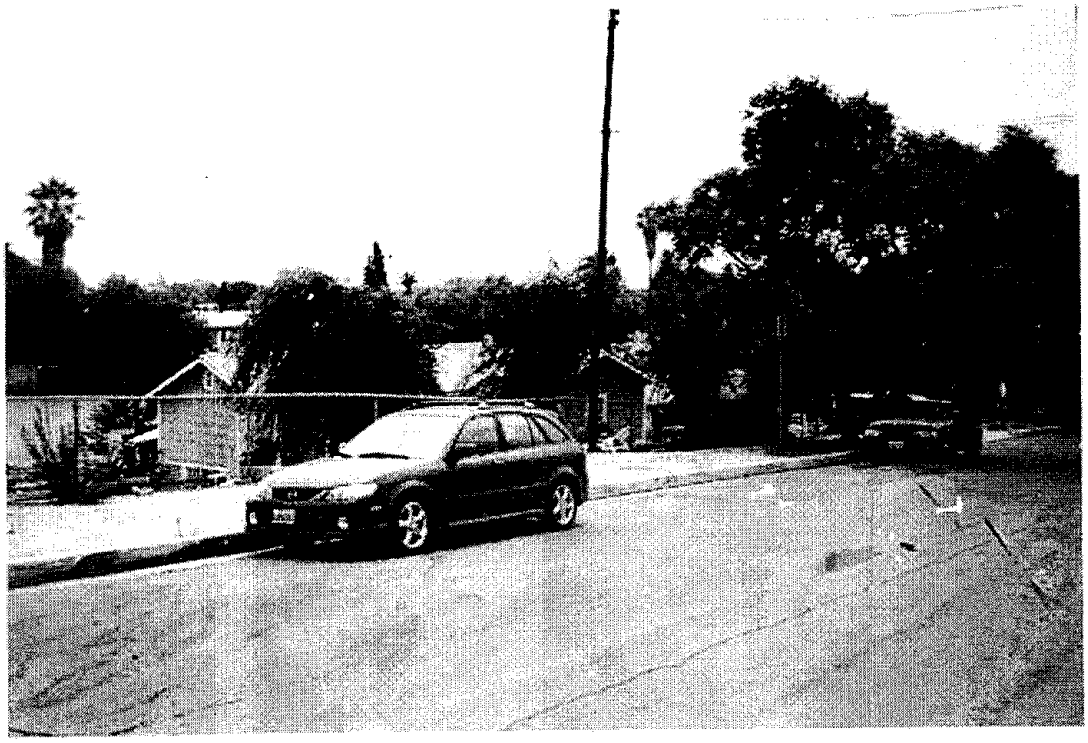


Photo 13

View across Ramsey Drive from project site, facing south

16 August 2002

Photo 14

Project site: 12127 Ramsey Drive, facing west

16 August 2002

Photo 15

View across Ramsey Drive from project site, facing east

16 August 2002

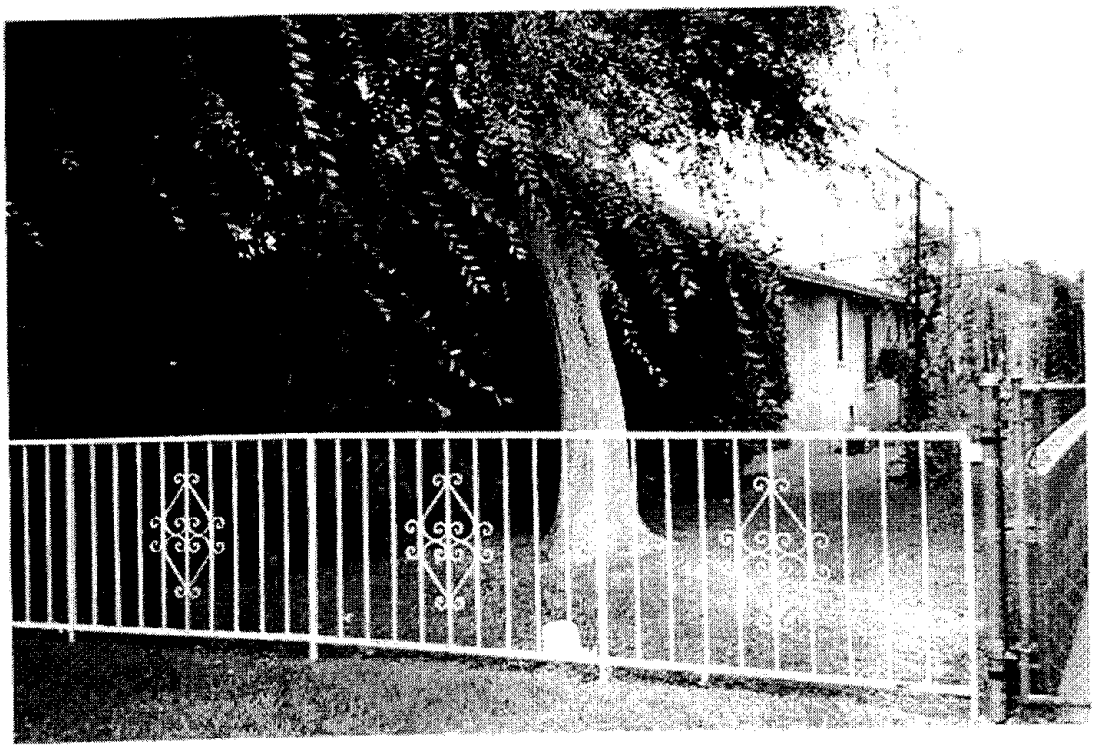


Photo 16

Residence adjacent to project site at 12127 Ramsey Drive, facing west

16 August 2002

NEGATIVE PHASE I ARCHAEOLOGICAL SURVEY REPORT UTICA-RAMSEY CONSTRUCTION PROJECT 13832 UTICA STREET, 11931-11937 & 12127 RAMSEY DRIVE SOUTH WHITTIER, LOS ANGELES COUNTY, CALIFORNIA (USGS 7.5' Whittier Quadrangle)

CDC Project No.HMD001

Prepared for:
Los Angeles County
Community Development Commission
2 Coral Circle
Monterey Park, California 91755
Contact: Donald Dean

Prepared by:
Conejo Archaeological Consultants
2321 Goldsmith Avenue
Thousand Oaks, California 91360
805/494-4309
Author: Mary Maki

Document No. 02-181 CDC
August 29, 2002

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name/No.: Utica-Ramsey Construction Project Project No. HMD001	**Location:** 13832 Utica St., 11931-11937, 12127 Ramsey Dr., Los Angeles County	**Thomas Bro. Grid:** Pg. 707/C-7	**Assessors Parcel Nos.** 8031-006-050, -051, -052, -053, -054, 8031-007-013	**CDC Contact:** Donald Dean Environmental Officer (323) 890-7186

This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants for the Utica-Ramsey Construction Project. Federal funds will be used in the acquisition of 2.466 acres and the development of 26 single-family homes. There will be demolition of a residence and a couple of sheds on the corner of Utica Street and Ramsey Drive, and demolition of a duplex on Ramsey Drive. Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation. The project site is located at 13832 Utica Street, 11931-11937 and 12127 Ramsey Drive, South Whittier in Los Angles County (Exhibits 1, 2 & 3).

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

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results and field survey findings, no impacts to cultural resources are anticipated from project development. However, APNs 8031-006-051, -052 and –053 and the northern half of APN 8031-006-050 were covered by imported fill and could not be properly surveyed. No further archaeological investigations are warranted prior to project implementation. It is recommended that any earth disturbing activity that goes below the fill in APNs 8031-006-050, -051, -052 and –053 be monitored by an archaeologist. In the event that buried cultural materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

III. ENVIRONMENTAL SETTING

Physical Environment: The project's area of potential effect (APE) consists of six lots covering 2.466 acres. The 13832 Utica Street and 11931-11937 Ramsey Drive site is surrounded by residential development and a Senior Home. There is one home, a duplex and two sheds on the

property. The majority of the lots fronting Utica have been covered with imported fill. Vegetation on the northern project site consists of various ornamental shrubs and trees and small patches of lawn. In the large undeveloped field non-native grasses and weeds dominate the vegetation, which is periodically disked.

The 12127 Ramsey Drive project site consists of graded vacant lot vegetated by non-native grasses and weeds. The property is bordered by Ramsey Drive, Leffingwell Road and Meyer Road, and residential development.

The north fork of Coyote Creek is located approximately 100 meters to the east of the project area.

Cultural Environment:

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

History. The following historic use of the property is based on Block Environmental's (2002a,b) Phase I Environmental Site Assessment Reports for the two project locations.

13832 Utica Street & 11931-11937 Ramsey Drive

Aerial photographs dating from 1938 to 1992 were reviewed. In 1938 the project site was vacant land. Utica Street and Ramsey Drive were dirt roads. In 1954, the three homes located at 13832 Utica Street & 11931-11937 Ramsey Drive were present along with a couple of sheds. The 1963, 1985 and 1992 photographs show little change except more trees than the 1954 photograph. In the 1992 photograph a pile of fill can be seen adjacent to the Utica Street house.

Sanborn Fire Insurance Maps were not found for the project site.

12127 Ramsey Drive

Aerial photographs dating from 1938 to 1992 were reviewed. In 1938 the project site was vacant land. Ramsey Drive was a dirt road; Meyer Road and Leffingwell Road were paved streets. In 1954, the site appears to be open space with several trees in rows along its western edge. A house appears to be present in the 1963 photograph. In the 1985 and 1992 photographs the site is vacant.

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle - Whittier	August 26, 2002 Conducted by Mary Maki
National Register of Historic Places (NRHP)	National Park Service 2002
California Historic Landmarks	2002 Office of Historic Preservation California Dept. Parks and Recreation
California Points of Historical Interest	2002
California State Historic Resources Inventory	Updated quarterly 2002

Results:

No prehistoric or historic sites have been recorded within a one-mile radius of the project site.

Eight surveys are recorded within a one-mile radius of the project site. None of these surveys covered areas within or adjacent to the project site.

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

Historian Judy Triem conducted a Section 106 evaluation of the project's built environment and found nothing significant (Triem personal communication).

V. FIELD METHODS

The APE was surveyed by Mary Maki, M.A. on August 28, 2002 (Exhibit 2). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 14 years archaeological experience in southern California.

13832 Utica Street & 11931-11937 Ramsey Drive

Linear transects spaced three meters (10 feet) apart were used to survey the APE. The project site's boundaries were clearly delineated by fences. Property owner and long time (60 years +) resident Mike Kunahoff provided background information on use of the property and pointed out areas where several feet of fill were located. The areas of fill include the field (APNs 8031-006-051, -052 and –053) west of the house fronting Utica Street and the small yard area just east of the house. Kunahoff stated he had never found any artifacts, marine shell or bones on his property, which he regularly disked. Kunahoff also noted he had at one time raised geese and ducks, and that numerous birds and at least five dogs had been buried on the property.

Original ground surface visibility was limited to the southern half (south of the house at 13832 Utica Street) of this project location and was fair in the open area south of the house and north of the

duplex. Ground surface visibility around the duplexes was good to fair. Access was provided to both duplexes' back yards. A survey over the fill areas indicates that soil has been brought in from a variety of locations and with it miscellaneous items such as concrete, brick, chicken wire, and glass. A few geologic test trenches were previously excavated in the western field fill area (APNs 8031-006-051, -052 and –053) down to and below the original ground surface. Close examination of the remaining spoil piles found no evidence of cultural resources.

No evidence of prehistoric or potentially significant historic resources was observed within the 13832 Utica Street & 11931-11937 Ramsey Drive APE.

12127 Ramsey Drive

Fencing, roads and adjacent development defined the boundaries of this vacant lot. Linear transects spaced three meters apart were used to inspect this location. Ground surface visibility ranged from good to fair. No evidence of prehistoric or potentially significant historic resources was observed within the 12127 Ramsey Drive APE.

VI. REMARKS

Based on the record search and field survey results, the proposed project is expected to have no impact on cultural resources. However, due to the presence of fill material the survey effort was inconclusive as to the absence of cultural resources within APNs 8031-006-051, -052 and –053 and the northern half of APN 8031-006-050. No further archaeological investigation is warranted prior to project implementation, but the following three recommendations should be incorporated as conditions of project approval:

1. An archaeologist should monitor any earth disturbing work that extends below the layer of fill in APNs 8031-006-050, -51, -052 and –053. The archaeologist shall have the power to temporarily halt or redirect project construction in the event that potentially significant cultural resources are exposed. Based on monitoring observations and the actual extent of project disturbance, the lead archaeologist shall have the authority to refine the monitoring requirements as appropriate (i.e., change to spot checks, reduce the area to be monitored) in consultation with the lead agency. The archaeologist shall be responsible for preparing a report documenting the monitoring results, which will be presented to the lead agency and South Central Coastal Information Center upon completion of the project.
2. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been

appropriately mitigated, work in the area may resume. A Gabrielino/Tongva representative should monitor any mitigation excavation associated with Native American materials.

3. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

VII. CERTIFICATION

Prepared By: Mary K. Maki	**Title:** Principal Investigator	**Qualification:** RPA Certified 14 Years So. CA arch experience
Signature:		**Date:** August 29, 2002

VIII. MAPS

Project Vicinity ☒ USGS 7.5' Whittier, California Quad ☒ Archaeological APE ☒

IX. PHOTOGRAPHS

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

X. CITATIONS

Bean, Lowell John and Charles R. Smith

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

Block Environmental

2002a Phase I Environmental Site Assessment Report, 13832 Utica Street and 11931 and 11937 Ramsey Drive, Whittier, California. Prepared for Community Development Commission of the County of Los Angeles.

2002b Phase I Environmental Site Assessment Report, 12127 Ramsey Drive, Whittier, California. Prepared for Community Development Commission of the County of Los Angeles.

McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles.* Malki Museum Press, Morongo Indian Reservation, Banning, California.

National Park Service

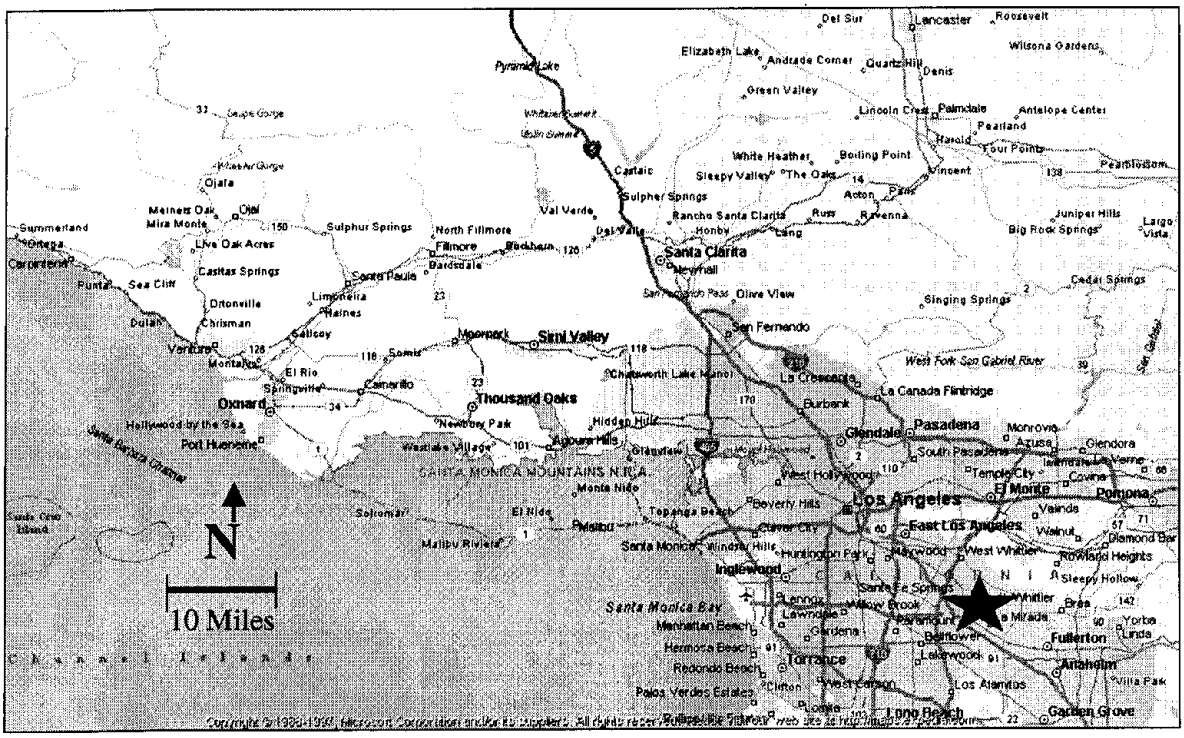
2002 National Register of Historic Places. http://www.cr.nps.gov/nr/research/nris.htm. Department of the Interior.

Office of Historic Preservation

2002 California Historical Landmarks. http://ceres.ca.gov/geo_area/counties/LosAngeles/landmarks.html. Department of Parks and Recreation, Sacramento, California.

2002 Directory of Properties in the Property Data File for Los Angeles County. Department of Parks and Recreation, Sacramento, California

1992 *California Points of Historical Interest.* Department of Parks and Recreation, Sacramento, California.

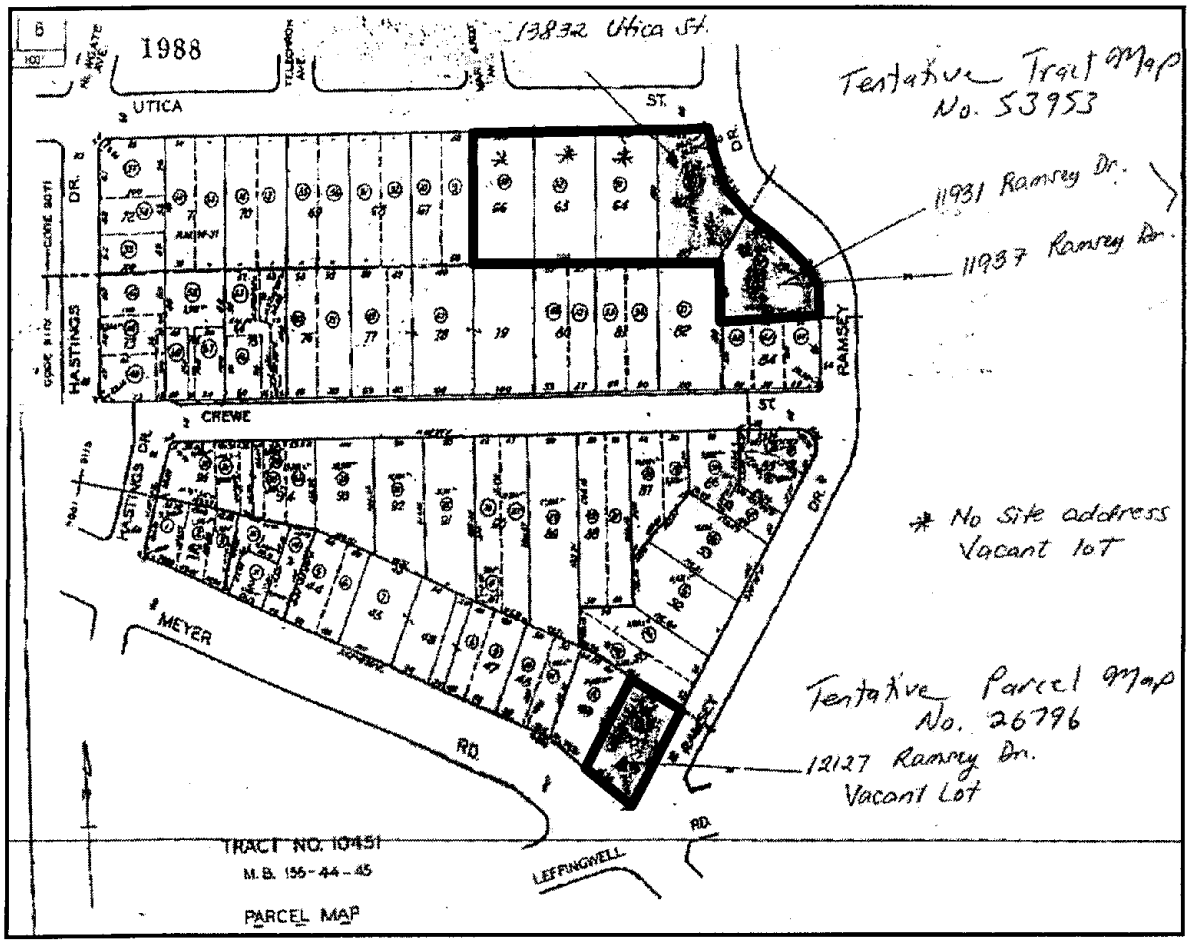


Source: Microsoft Streets 98

PROJECT VICINITY MAP

Utica-Ramsey Construction Project
13832 Utica Street, 11931-11937 and 12127 Ramsey Drive
South Whittier, Los Angeles County, California

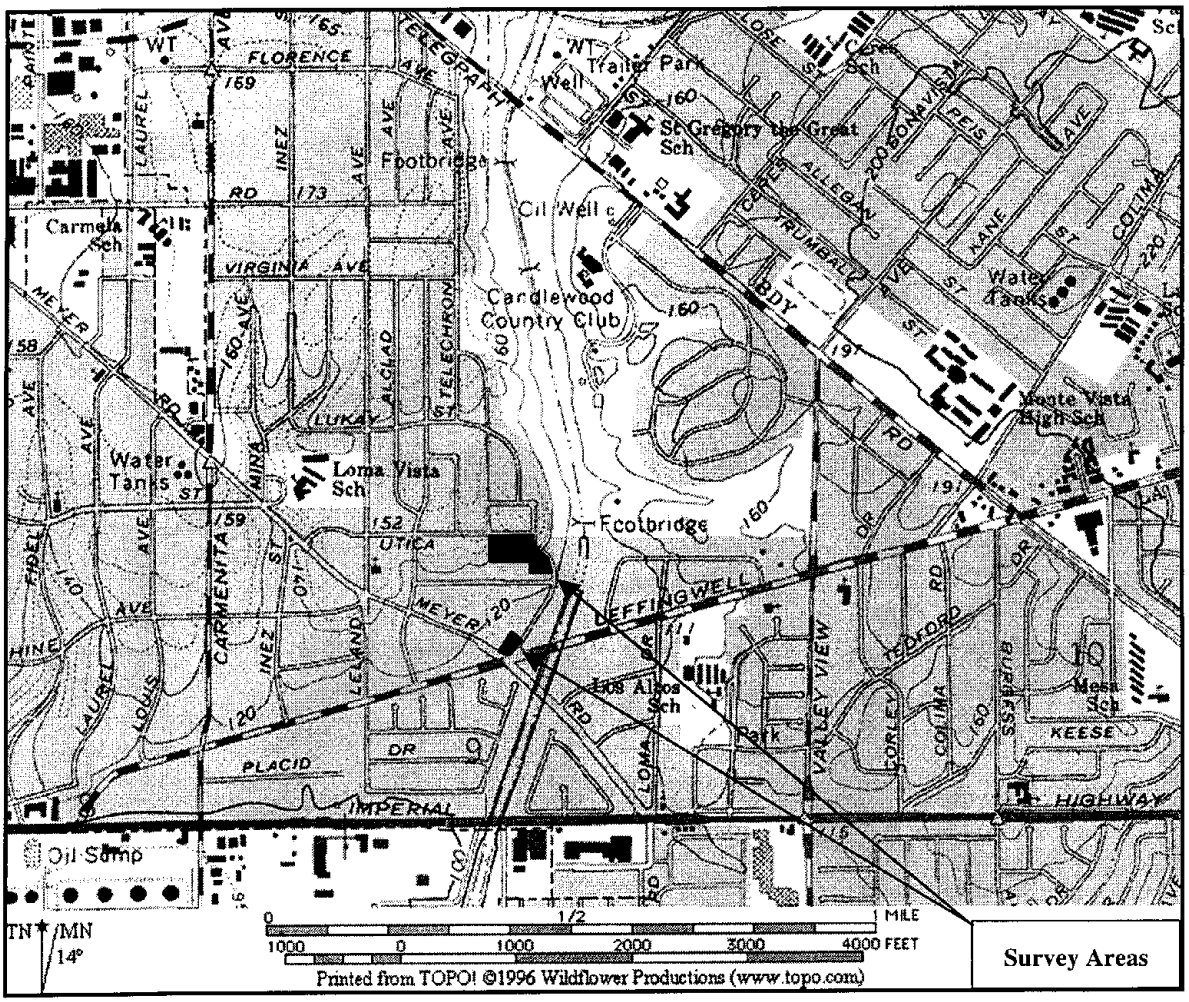
Exhibit 1



AREA OF POTENTIAL EFFECT

Utica-Ramsey Construction Project
13832 Utica Street, 11931-11937 and 12127 Ramsey Drive
South Whittier, Los Angeles County, California

Exhibit 2



USGS 7.5' Whittier Quadrangle, 1965, photorevised 1981

CULTURAL RESOURCES SURVEY AREA

Utica-Ramsey Construction Project
13832 Utica Street, 11931-11937 and 12127 Ramsey Drive
South Whittier, Los Angeles County, California

Exhibit 3

Rincon Consultants, Inc.

790 East Santa Clara Street
Ventura, California 93001

805 641 1000
FAX 641 1072

info@rinconconsultants.com
www. rinconconsultants.com

August 15, 2003

Donald Dean
Environmental Officer
Los Angeles County
Community Development Commission
2 Coral Circle
Monterey Park, CA 91755

SUBJECT: AMENDED ENVIRONMENTAL ASSESSMENT: UTICA RAMSEY CONSTRUCTION PROJECT

Dear Mr. Dean:

This correspondence responds to your request to review and update an Environmental Assessment (EA) for the Utica Ramsey Construction Project, originally dated August 29, 2002. Since the preparation of the original EA, the project has been revised to include the acquisition of one additional parcel located at 12112 Ramsey Drive, in addition to the six parcels originally proposed for acquisition. The number of housing units proposed has also changed, from 26 single-family homes to 31 single-family homes.

As discussed in the attachments to this letter, the addition of one parcel and five single-family homes to the proposed project would not create any significant effects beyond those identified in the original EA.

This letter and attachment serve as an addendum to the original EA. Together, they provide updated information that supports the use of an environmental assessment and Finding of No Significant Impact (FONSI) for the proposed action. If you have any questions regarding this matter, please do not hesitate to call.

Sincerely,
RINCON CONSULTANTS, INC.

Melissa Mascali, MESM
Environmental Analyst

Amendment to Environmental Assessment
Utica Ramsey Construction Project

Background. This Environmental Assessment (EA) was originally dated August 29, 2002. As described in the original EA, the project involved construction of 26 single-family homes on six lots in unincorporated Whittier in Los Angeles County. The current proposal differs from the original in that it would add one parcel and five single-family homes to the project. Four of the units will be located on the new parcel, which will add approximately 17,930 square feet to the size of the project site. Since preparation of the original EA, the structures at 13832 Utica Street have been demolished and the site is now vacant.

Amendments to Environmental Assessment. The following text revisions describe the changes to the environmental analysis contained in the EA for the project. New archaeological and historic reports have been completed and are attached to this report. Photos of the additional parcel are also attached. Other than the revisions described below, no changes to the original EA are required.

On Page 1, project name, location, statement of need, and project description are revised to read as follows:

Project Name:	Utica-Ramsey Construction Project
Project Location:	The project site is located within the community of Whittier in unincorporated Los Angeles County, California. The project site consists of 7 parcels located at 13832 Utica Street, 11931-11937 Ramsey Drive, 12127 Ramsey Drive, and 12112 Ramsey Drive.
Assessor's Parcel Number(s):	8031-006-050 through -054, 8031-007-013, and 8031-005-001
Statement of Need:	The project is consistent with the guidelines of the CDBG program. The proposed project provides for the development of affordable single-family homes.
Project Description:	The proposed project involves the acquisition of seven lots for the development of 31 single-family homes. The homes will be two-story detached buildings ranging from 1,350 to 1,600 square feet and each will have an attached two-car garage. Offsite improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.

On Page 2, under "Slope," the text is revised to read as follows:

Most of the site along Utica Street is flat; however, there is a small pile of soil onsite and portions of the southern end of the property slope down about ten feet (b). The sites on Ramsey Drive are level. Grading would be done to level the site for development. However, the project would not involve major topographic modifications or create any significant erosion or sedimentation problems.

On Page 2, under "Hazards and Nuisances, Including Site Safety," the text is revised to read as follows:

Two Phase I Environmental Site Assessments (ESA) were conducted at the project site by Block Environmental in June and July 2002 (c, d). The first one, done in June 2002, focused on the properties at 13832 Utica Street and 11931 and 11937 Ramsey Drive. This Phase I identified a stockpile of imported soil adjacent to the residence at 13832 Utica Street, the origin of which is unknown. Given the unknown origin of the soil, the Phase I concluded that it may contain hazardous chemicals or petroleum products.

A second Phase I ESA was conducted in July 2002 for the vacant site at 12127 Ramsey Drive. No recognized environmental conditions were observed at this location. A Phase II ESA is currently underway to test for the presence of petroleum hydrocarbons and/or volatile organic compounds in the stockpiled soil.

On Page 3, under "Effects of Ambient Noise on Project and Contribution to Community Noise Levels," the text is revised to read as follows:

Project construction would generate short-term noise level increases. Local noise ordinances would apply.

The project site is located within a relatively quiet residential neighborhood. Future project residents would not therefore be exposed to unacceptable noise levels. Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 297 average daily vehicle trips on local roadways (e). This increase in traffic would incrementally increase traffic-related noise in the area, but would not significantly increase roadway noise levels or cause any exceedance of HUD noise standards. Therefore, long-term noise impacts would not be significant.

On Page 3, under "Visual Quality - Coherence, Diversity, Compatible Use, and Scale," the text is revised to read as follows:

The project would involve the development of 31 single-family homes in an area that is dominated by single-family residential development (b). The completed project would be compatible with the visual context of the existing neighborhood and impacts would be less than significant.

On Page 4, under "Demographic/Character Changes," the text is revised to read as follows:

The proposed project would create new housing opportunities and could accommodate approximately 124 new people (assuming 4 people per unit). This increase would not significantly change the demographic character of the area.

On Page 4, under "Displacement," the text is revised to read as follows:

The project site is currently vacant; therefore, displacement would not occur.

On Page 4, under "Waste Water," the text is revised to read as follows:

The proposed project could be expected to increase the population by about 124 people (assuming 4 people per unit) and would result in an increase in wastewater generation. However, the project is consistent with the General Plan designations and zoning for the site; therefore, it is anticipated that wastewater infrastructure has been sized to accommodate urban development similar to that proposed.

On Page 6, under "Transportation," the text is revised to read as follows:

The proposed project would generate an estimated 297 average daily vehicle trips (e). This would increase in traffic on roadways in the immediate project vicinity, but is less than the Los Angeles County 500-trip threshold at which a traffic study is normally required. Significant impacts to the area transportation system are not anticipated.

On Page 8, under "Noise Abatement," the text is revised to read as follows:

Project construction would generate short-term noise level increases. Local noise ordinances would apply.

The project site is located within a relatively quiet residential neighborhood. Future project residents would not therefore be exposed to unacceptable noise levels. Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 297 average daily vehicle trips on local roadways (e). This increase in traffic would incrementally increase traffic-related noise in the area, but would not significantly increase roadway noise levels or cause any exceedance of HUD noise standards. Therefore, long-term noise impacts would not be significant.

On Page 9, under "Summary of Findings and Conclusions," the text of the first and second paragraphs is revised to read as follows:

The proposed project involves the development of 31 single-family homes. The site is zoned as *A-1, Light Agricultural,* and has a General Plan land use designation of *Low-Density Residential.* The proposed project would be consistent with these designations. The project site is located in an area dominated by single-family residential development. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts, nor would it be subject to noise in excess of HUD standards for residential uses.

The project site is generally flat, although part of the site slopes down about 10 feet. No watercourses or water resources are located in the project area. The site supports several mature trees, some ornamental landscaping, and ruderal grassy vegetation. No threatened or endangered wildlife was observed on the site. Although hazardous conditions are not known to exist onsite, soil and/or groundwater contamination could potentially be present. Additional testing for and, if necessary remediation of, such conditions is recommended.

On Page 9, under "Summary of Environmental Conditions," the text is revised to read as follows:

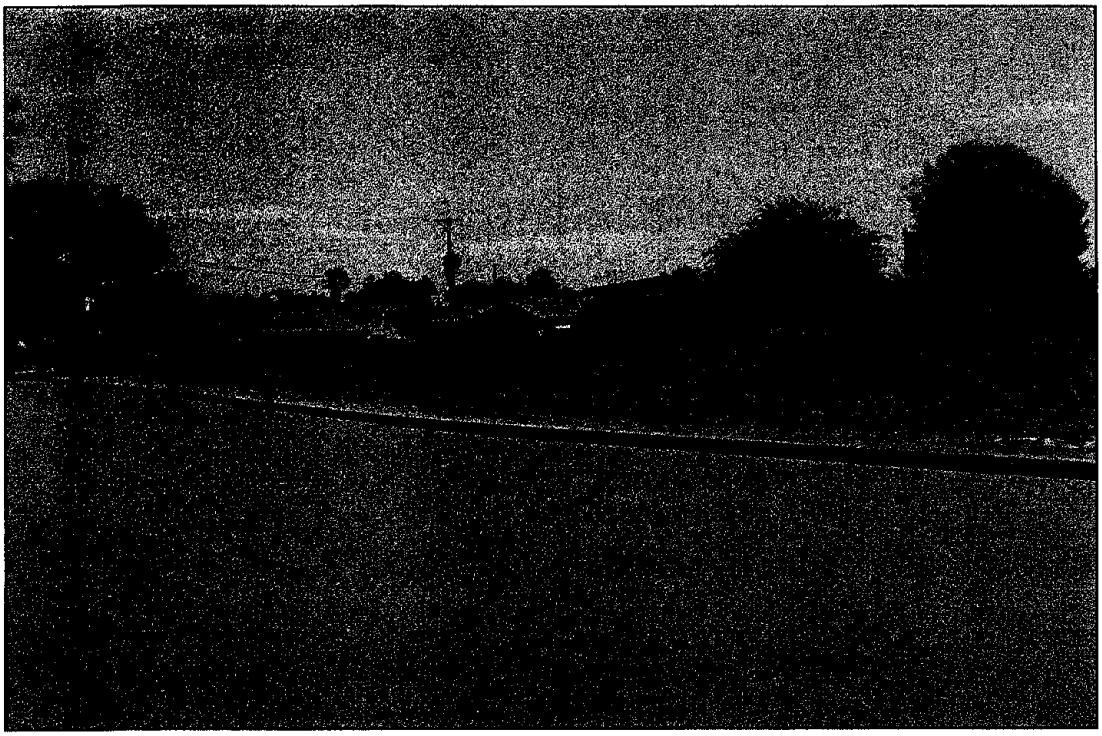
The project site is in a highly urbanized environment and is currently vacant. Vegetation consists of mature trees and disturbed grasses. No wildlife was observed onsite. The site poses no obvious constraints to project development.

On Page 12, under "Basic Reasons Supporting Decision," the text of the first and second paragraphs is revised to read as follows:

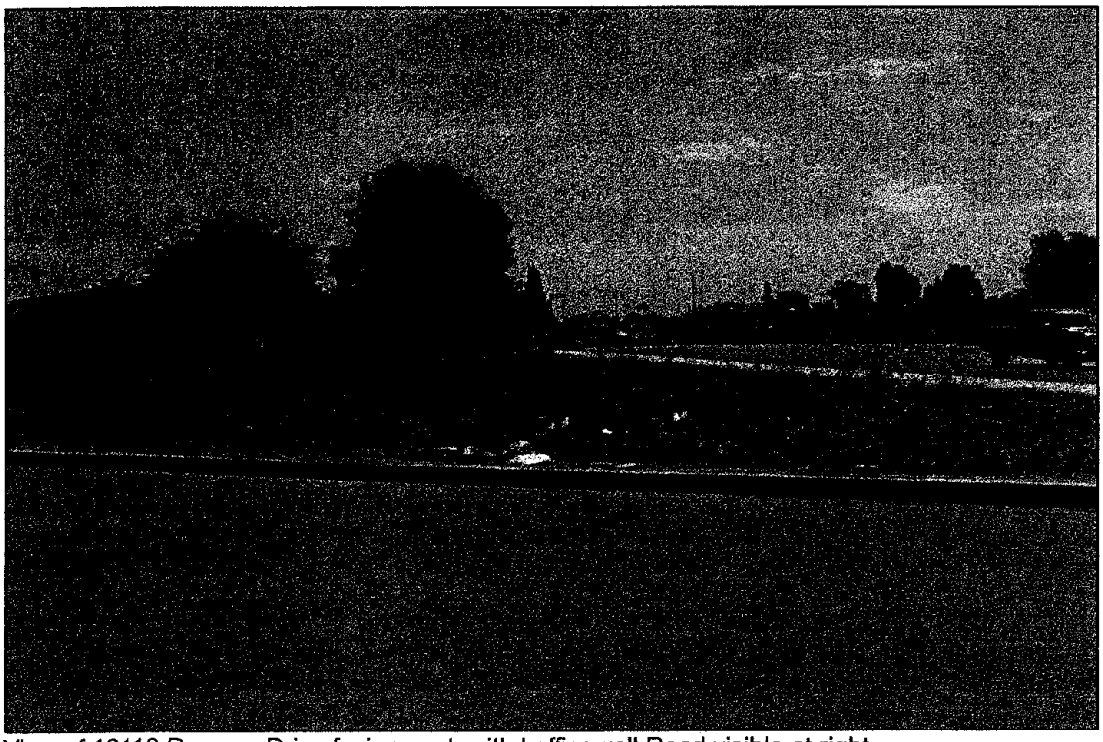
The proposed project involves the development of 31 single-family homes. The site is zoned as *A-1, Light Agricultural,* and has a General Plan land use designation of *Low-density Residential.* The

proposed project would be consistent with these designations. The project site is located in an area dominated by single-family residential development. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts, nor would it be subject to noise in excess of HUD standards for residential uses.

The project site is generally flat, although part of the site slopes down about 10 feet. No watercourses or water resources are located in the project area. The site supports several mature trees, some ornamental landscaping, and ruderal grassy vegetation. No threatened or endangered wildlife was observed on the site. Although hazardous conditions are not known to exist onsite, soil and/or groundwater contamination could potentially be present. Additional testing for and, if necessary remediation of, such conditions is recommended.



Vacant parcel at 12112 Ramsey Drive, facing northeast.



View of 12112 Ramsey Drive facing east, with Leffingwell Road visible at right.

Existing Conditions at 12112 Ramsey Drive

SAN BUENAVENTURA RESEARCH ASSOCIATES

MEMORANDUM

1328 Woodland Drive • Santa Paula CA • 93060

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

To: Joe Power, Rincon Consultants
From: Judy Triem, San Buenaventura Research Associates
Date: 14 August 2003
Re: **Section 106 Evaluation, Utica-Ramsey Construction Project Addendum**
Project Number: HE0070

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to acquire one additional parcel, located at 12112 Ramsey Drive, Whittier, to add to the six parcels being acquired to construct 31 single family residences described in a previous report dated August 20, 2002. The additional vacant parcel contains approximately 17,930 square feet.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself at 12112 Ramsey Drive (APN 8031-005-001). The APE was included in the original report.

3. Description of Location of Undertaking

The project site is vacant and is surrounded by single family residences from the 1950s and later on the north and across the street are two residences from around 1910. A vacant lot is located at the northwest corner of Ramsey Drive and Meyer Road. Adjacent to the project site on Leffingwell Road are single family residences from the 1940s and 50s and across Leffingwell to the south is a commercial development built in 1987.

4. Historic Resources/National Register Determination

National Register Eligibility

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

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

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

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

property's expression of the aesthetic or historic sense of a particular period of time), and; Association (the direct link between an important historic event or person and a historic property).

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

The project site at 12112 Ramsey Drive is vacant. Those residences adjacent to the property on Leffingwell Road were built in the 1940s and 1950s. They are not associated with any event that has made a significant contribution to the history of Whittier (Criterion A). There are no significant persons associated with the site (Criterion B). The buildings do not embody the distinctive characteristics of a type, period, or method of construction (Criterion C). Therefore, none of the buildings are eligible for listing on the National Register.

The remaining buildings within the APE were determined in the previous report dated August 20, 2002, to be ineligible for listing on the National Register. There are no known buildings within the APE presently listed or determined eligible for listing on the National Register.

5. Information from Local Organizations

No information was collected from local organizations.

6. Selected Sources

California Historical Landmarks, 1990

Ethnic Survey, Los Angeles County entries.

Federal Register Listings through January, 2003

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

Los Angeles County Assessor Records

Section 106 Review Utica-Ramsey Construction Project, CA, August 20, 2003

NEGATIVE PHASE I ARCHAEOLOGICAL SURVEY OF APPROXIMATELY 0.4 ACRES FOR THE UTICA-RAMSEY CONSTRUCTION PROJECT - ADDENDUM 12112 RAMSEY DRIVE SOUTH WHITTIER, LOS ANGELES COUNTY, CALIFORNIA (USGS 7.5' Whittier Quadrangle)

CDC Project No.HEOO7O

Prepared for:
Los Angeles County
Community Development Commission
2 Coral Circle
Monterey Park, California 91755
Contact: Donald Dean

Prepared by:
Conejo Archaeological Consultants
2321 Goldsmith Avenue
Thousand Oaks, California 91360
805/494-4309
Author: Mary Maki

Document No. 03-195
August 13, 2003

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name/No.:	Location:	Thomas Bro. Grid:	Assessor Parcel No.	CDC Contact:
Utica-Ramsey Construction Project Project No. HE0070	12112 Ramsey Dr., Los Angeles County	Pg. 707/D-7	8031-005-001	Donald Dean Environmental Officer (323) 890-7186

This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants (Conejo) for an addendum to the Utica-Ramsey Construction Project. Federal funds will be used in the acquisition of a vacant parcel and the construction of four single-family homes upon it. The new parcel that is being added to the project is located at 12112 Ramsey Drive, South Whittier in Los Angles County (Exhibits 1, 2 & 3). Off-site improvements may include driveways, curbs, gutters, signage, landscaping, street lighting, and utility installation.

This investigation supplements an earlier investigation conducted by Conejo for the Utica Ramsey Construction Project, which included the following addresses: 13832 Utica Street, 11931-11937 and 12127 Ramsey Drive, South Whittier in Los Angles County (Maki 2002).

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

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results and field survey findings, no impacts to cultural resources are anticipated from development at 12112 Ramsey Drive. No further archaeological investigations are warranted prior to project implementation for this location. In the event that buried cultural materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

III. ENVIRONMENTAL SETTING

Physical Environment: The addendum project area (APN 8031-005-001) consists of a 17,930 square foot vacant lot located at 12112 Ramsey Drive. The 0.4-acre parcel is bordered by single-family residences to the north and east, Leffingwell Road to the south, and Ramsey Drive and

single-family residences to the west. The property is covered with weedy vegetation, which is periodically disked. Coyote Creek is located approximately 15 meters (50 feet) east of the project area.

Cultural Environment:

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

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle - Whittier	August 26, 2002 Conducted by Mary Maki
National Register of Historic Places (NRHP)	National Park Service 2002
California Historic Landmarks	2002 Office of Historic Preservation California Dept. Parks and Recreation
California Points of Historical Interest	2002
California State Historic Resources Inventory	Updated quarterly 2002

Results:

No prehistoric or historic sites have been recorded within a one-mile radius of the project site.

Nine surveys are recorded within a one-mile radius of the project site. None of these surveys covered areas within the project site. In 2002, Conejo surveyed the vacant lot across Ramsey Drive to the west of the APE (Maki 2002).

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

V. FIELD METHODS

The APE was surveyed by Mary Maki, M.A. on August 12, 2003 (Exhibit 2). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 14 years archaeological experience in southern California.

Linear transects spaced three meters (10 feet) apart were used to survey the APE. The project site's boundaries were clearly delineated by surrounding development. The triangular shaped project site was vacant with weedy vegetation. Ground surface visibility ranged from good to fair. No evidence of prehistoric or historic resources was observed within the 12112 Ramsey Drive APE. An abundance of recent trash was scattered across the project site including food wrappers, newspapers and broken bottles.

VI. REMARKS

Based on the record search and field survey results, the proposed project is expected to have no impact on archaeological resources and no further archaeological investigation is warranted for the addendum area located at 12112 Ramsey Drive (APN 8031-005-001). Since an archaeological survey can only confidently assess the potential for encountering surface cultural resource remains, the following two recommendations should be incorporated as conditions of project approval:

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

VII. CERTIFICATION

Prepared By: Mary K. Maki	**Title:** Principal Investigator	**Qualification:** RPA Certified 14 Years So. CA arch experience
Signature:		**Date:** August 13, 2003

VIII. MAPS

Project Vicinity ☒ USGS 7.5' Whittier, California Quad ☒ Archaeological APE ☒

IX. PHOTOGRAPHS

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

X. CITATIONS

Bean, Lowell John and Charles R. Smith

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

Maki, Mary

2002 Negative Phase I Archaeological Survey Report, Utica-Ramsey Construction Project, 13832 Utica Street, 11931-11937 & 12127 Ramsey Drive, South Whittier, Los Angeles County, California. On file at the South Central Coastal Information Center.

McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles.* Malki Museum Press, Morongo Indian Reservation, Banning, California.

National Park Service

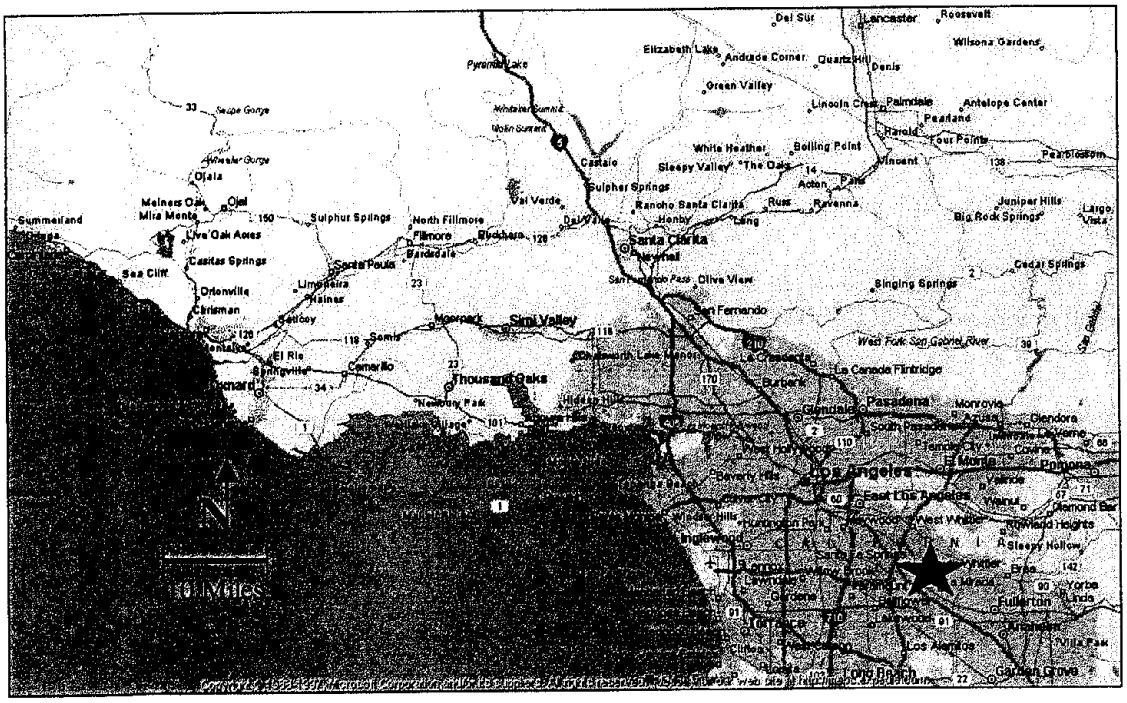
2002 National Register of Historic Places. http://www.cr.nps.gov/nr/research/nris.htm. Department of the Interior.

Office of Historic Preservation

2002 California Historical Landmarks. http://ceres.ca.gov/geo_area/counties/LosAngeles/landmarks.html. Department of Parks and Recreation, Sacramento, California.

2002 Directory of Properties in the Property Data File for Los Angeles County. Department of Parks and Recreation, Sacramento, California

1992 *California Points of Historical Interest.* Department of Parks and Recreation, Sacramento, California.

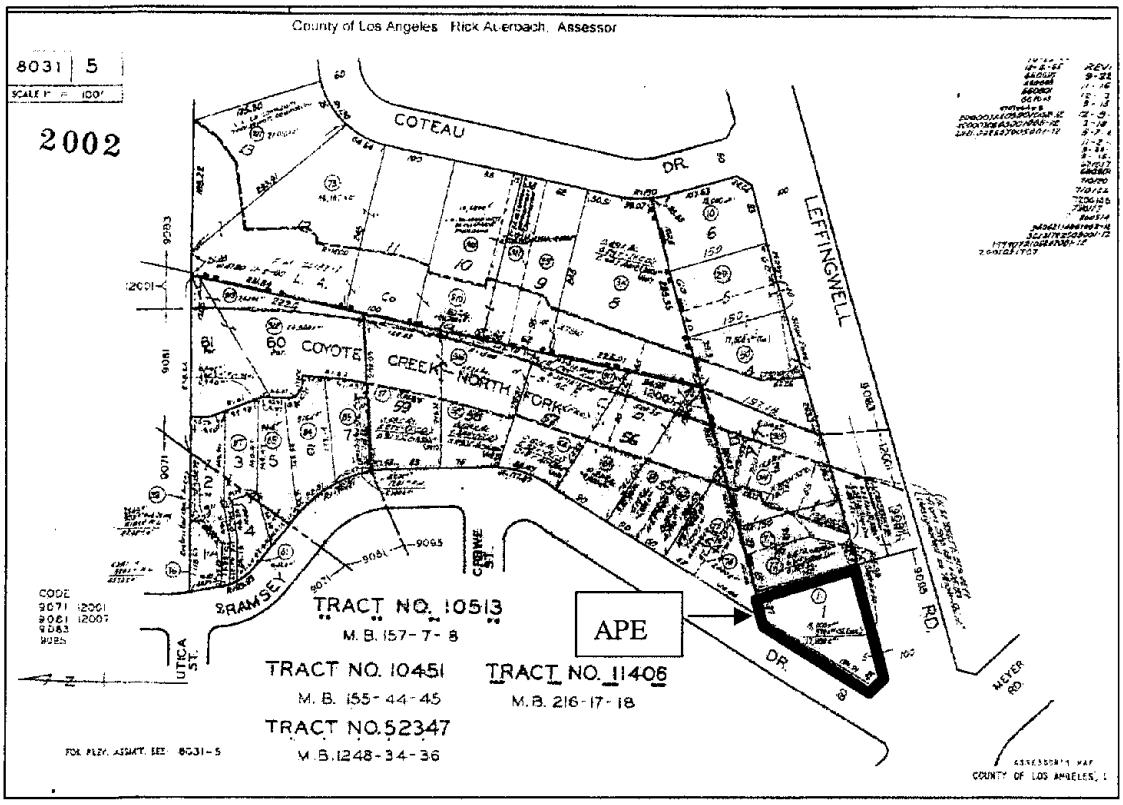


Source: Microsoft Streets 98

PROJECT VICINITY MAP

Utica-Ramsey Construction Project
12112 Ramsey Drive - Addendum
South Whittier, Los Angeles County, California

Exhibit 1

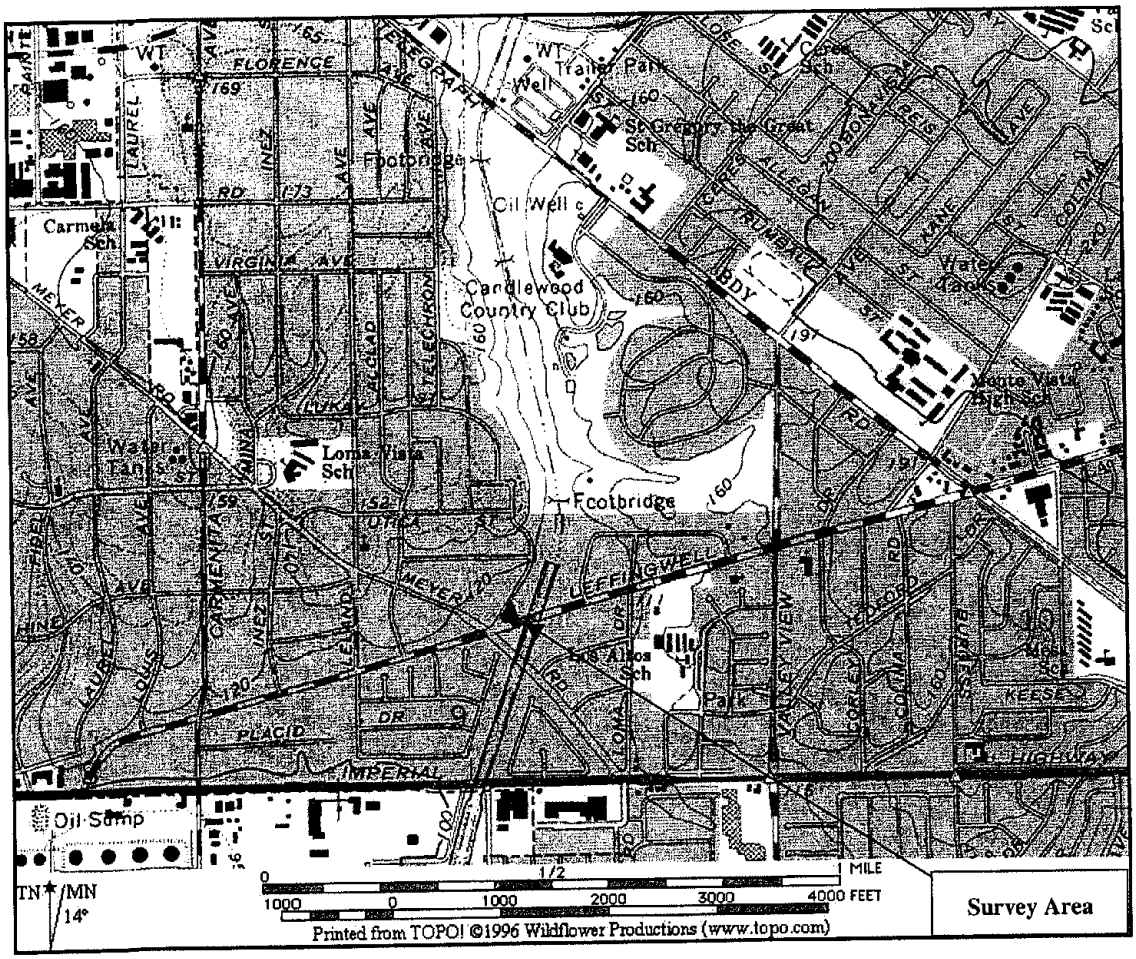


Source: Los Angeles County Assessor -
http://assessormap.lacountyassessor.com/mapping/viewer.asp

AREA OF POTENTIAL EFFECT

Utica-Ramsey Construction Project
12112 Ramsey Drive - Addendum
South Whittier, Los Angeles County, California

Exhibit 2



USGS 7.5' Whittier Quadrangle, 1965, photorevised 1981

CULTURAL RESOURCES SURVEY AREA

Utica-Ramsey Construction Project
12112 Ramsey Drive - Addendum
South Whittier, Los Angeles County, California

Exhibit 3

APPENDIX A

Mitigation Monitoring Plan
Maple Glen Construction Project

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

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

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

landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.		Commission	
Water Supply: a. To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice. b. Structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.	Landscape Architect Architect/Contractor	Community Development Commission Community Development Commission	Design/Operation Construction
Additional Modifications: Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.	Contractor/Operator	Community Development Commission	Design, Pre-Construction, Construction and Operation

DISPOSITION AND DEVELOPMENT AGREEMENT

PROJECT NO. YY1147

BY AND BETWEEN

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

AND

MAPLE GLEN, LLC

January 2006

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DISPOSITION AND DEVELOPMENT AGREEMENT

Project No. YY 1147

Transaction Summary

Project Name: Maple Glen
Developer Name: Maple Glen, LLC

☐ Limited Partnership X LLC ☐ Nonprofit Public Benefit Corporation ___ Other

Jurisdiction of Borrower Entity: California

Total Number of Units in Project: 31 Location (Jurisdiction): Unincorporated Los Angeles County

☐ Incorporated X Unincorporated Total Project Sites Acreage: 3.50

Project Type: Single-Family, For-Sale, Detached
Fee Simple 17
Condominium Units 14

Affordability

Household Income Level	Total units for this income level
Market	15
Low Income	16
TOTAL	31

Allocation			Tract 54244	Tract 53953
City of Industry Funds				
Acquisition	$1,201,811		$318,785	$883,026
Buyer Assistance	104,208			
Subtotal	1,306,019	82 %		
CDBG Funds				
Acquisition	293,981	18 %	293,981	0
Maximum Total Loan	1,600,000			
Maximum Loan Per Assisted Unit:	$100,000			

Repayment Terms on Individual Assisted Unit Loans: Secondary Loans due upon sale or transfer of Assisted Units with Shared Appreciation Feature

Other Anticipated Financing Sources for Unit Purchasers / Priority Relative to Loan:

(1) Senior Construction Loan $8,711,519 X senior ☐ junior ☐ parity

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

Agreement shall control.

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**") is made as of the ___ day of January 2006, by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**HACOLA**"), and the developer entity listed in the Transaction Summary above ("**Developer**"). HACOLA and Developer are sometimes referred to collectively herein as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. WHEREAS, Developer intends to undertake the housing development Project described in the Transaction Summary above and in Section 4.1 below. The Project will be developed on a site acquired by HACOLA with City of Industry Redevelopment Set-Aside and Community Development Block Grant ("CDBG") Funds administered by the Community Development Commission of the County of Los Angeles **("CDC"),** which is commonly known as 13832 Utica St, 12112 and 12127 Ramsey Drive Whittier, California (UI) legally described on Exhibit "B" to this Agreement (the "**Site**"). A detailed Project Description is attached hereto as Exhibit "C" and reduced site plans and elevations for the Project are attached hereto as Exhibit "D". Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit "A", the body of this Agreement shall prevail and supersede.

B. WHEREAS, upon completion of the Project, Developer intends to sell Thirty One (31) Units in the Project. Sixteen (16) of the Units (the "**Assisted Units**")consisting of Nine (9) Units on Fee Simple lots and Seven (7) Condominium Units, will be sold only to Qualified Buyers and will be partially financed by HACOLA Secondary Financing Loans to be made by HACOLA pursuant to the terms of this Agreement to benefit both Developer, HACOLA by increasing the marketability of the Project and providing affordable housing opportunities for Low -Income Households as specified herein and in the Transaction Summary above.

C. WHEREAS, HACOLA will convey the site to the Developer in exchange for the Land Acquisition Promissory Note under the terms and conditions set forth in this Agreement.

D. WHEREAS, other sources of financing of the Project, as set forth in the Transaction Summary, are anticipated to include construction financing from a senior construction lender approved by HACOLA (the "**Senior Construction Financing**"). Detailed financing assumptions regarding the Senior Construction Financing are attached hereto as Exhibit "E".

E. WHEREAS, as more particularly described below, Developer will deliver to HACOLA, among other items, the Land Acquisition Promissory Note and the Land Acquisition Deed of Trust to, respectively, evidence and secure repayment of the Land Acquisition Loan and ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. LAND ACQUISITION LOAN

1.1. Land Acquisition Loan. HACOLA agrees, subject to the terms and conditions of this Agreement, to convey the Site to the Developer for the purchase price of ONE MILLION FOUR HUNDRED NINETY FIVE THOUSAND SEVEN HUNDRED NINETY TWO DOLLARS ($1,495,792) ("**Purchase Price**"), and Developer agrees to acquire the Site. Developer shall pay the Purchase Price by delivering executed Promissory Notes, payable to HACOLA , in the total original principal amount of ONE MILLION FOUR HUNDRED NINETY FIVE THOUSAND SEVEN HUNDRED NINETY TWO DOLLARS ($1,495,792) (the "**Land Acquisition Loan**"), in the form set forth on Exhibit "F" attached hereto, the "**Land Acquisition Promissory Note**"), and an executed and acknowledged second priority deeds of trust securing repayment of the Land Acquisition Promissory Note, in the form attached hereto as "Exhibit G1 and G2 (collectively the "**Land Acquisition Deed of Trust**") to Escrow Holder prior to the close of the Escrow. The remaining funds needed to complete the development of the Project of the Site will come from other funds obtained by the Developer as described in Section 3.1.3.

1.2. Repayment. As provided in the Land Acquisition Promissory Note, provided that Developer is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to this Agreement by the date specified in the Schedule of Performance, HACOLA waives interest under the Land Acquisition Promissory Note except any applicable default interest. If Developer does not complete and sell all of the Assisted Units pursuant to this Agreement by the date specified in the Schedule of Performance, and, subject to the default interest provisions in the Land Acquisition Promissory Note, the disbursed and unpaid principal balance of the Land Acquisition Loan shall accrue interest at the rate of three percent (3%) per annum, simple interest commencing on the date of the close of the Escrow (as defined below), and ending on the date when all sums are paid, as provided herein and in the Land Acquisition Promissory Note. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year. Provided no Event of Default (as set forth in Section 10 below) or other event of acceleration under this Agreement or the Land Acquisition Promissory Note has occurred, Developer shall repay the Land Acquisition Promissory Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of this Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the "**Assisted Unit Repayment Amount**"), which Assisted Unit Repayment Amount shall be paid via a credit to Developer from HACOLA against the outstanding amounts owed under the Land Acquisition Promissory Note upon the recordation of a HACOLA Secondary Financing Deed of Trust and HACOLA Tertiary Financing Deed against such Assisted Unit; and (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of this Agreement, an amount, in addition to the amounts due under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than HACOLA in excess of the average Permanent Loan (as defined in Section 5.10 below) anticipated to be obtained by the Qualified Buyers as shown on Exhibit "E" attached hereto (the "**Additional Assistance Repayment Amount**").

1.3 Default. Notwithstanding the payment terms set forth above, upon the occurrence of any Event of Default, the entire outstanding principal balance of the Land Acquisition Promissory Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of HACOLA and, where required under this Agreement, upon notice to Developer thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Developer. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Developer in connection with this Agreement or the Land Acquisition Loan, in the event of the occurrence of an Event of Default, HACOLA's only recourse under the Land Acquisition Deed of Trust shall be against the Site and the Project, the proceeds thereof, and other income arising from its use and occupancy as provided in the Land Acquisition Deed of Trust, and any other collateral given to HACOLA as security for repayment of the Land Acquisition Loan.

1.4 Prepayment. At any time after the conveyance of the Site, Developer may prepay all or a portion of the unpaid principal amount of the Land Acquisition Note and accrued interest and any other sums outstanding thereunder without penalty. Developer hereby agrees and understands that the prepayment of the Land Acquisition Promissory Note shall not relieve Developer of the duty to comply with the covenants described in Sections 5.1, 6, and 7.4, as well as the indemnities contained in Sections 4.7 and 7.1 and any other indemnities and other obligations surviving the Term of this Agreement, and all such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments or other reductions of outstanding amounts under the Land Acquisition Note, including any prepayments or funds received upon acceleration, shall be applied first toward any outstanding costs of collection or other amounts (excluding loan principal or interest thereon) due under the Land Acquisition Promissory Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" (as defined in the Land Acquisition Promissory Note), if any, then toward any deferred principal, and finally toward the remaining principal balance under the Land Acquisition Promissory Note.

1.5 Absolution Obligation; Use of Land . The obligation of Developer to repay the outstanding principal balance of the Land Acquisition Promissory Note and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on the Land Acquisition Promissory Note (as well as all other fees, charges and expenses due thereunder) shall have been fully paid, Developer agrees that it: (a) will use the land in accordance with the Land Acquisition Promissory Note solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Agreement, the Land Acquisition Promissory Note, the Land Acquisition Deed of Trust or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Agreement or any document executed hereunder or in connection herewith.

2. LAND ACQUISITION ESCROW

HACOLA and the Developer agree, within the time established in the Schedule of Performance set forth as the attached Exhibit "H" (**"Schedule of Performance"**), to open an escrow (the **"Escrow"**) for the conveyance of the Site to Developer with an escrow company approved by

HACOLA ("**Escrow Holder**"). This Section 2 and Section 3 of this Agreement constitute the escrow instructions with respect to the conveyance of the Site to Developer. The Parties shall deliver a fully-executed copy of this Agreement to Escrow Holder upon opening of the Escrow and this Agreement shall be incorporated into and made part of any supplemental escrow instructions generated by Escrow Holder provided that such supplementary instructions are consistent with this Agreement; and provided further that in the event of any conflict between such supplementary instructions and the terms of this Agreement, the terms of this Agreement shall prevail. Within five (5) days after opening of the Escrow, the Escrow Holder shall provide written acceptance of the provisions of this Section 2 and Section 3 to HACOLA and Developer. Upon delivery of said written acceptance, Escrow Holder shall be obligated and empowered to act under this Agreement and carry out its duties as such hereunder. Any addition, deletion, or modification of any provision contained in the escrow instructions referenced in this Section 2 or in Section 3 shall be in writing and signed by both HACOLA and the Developer. All communications from the Escrow Holder to HACOLA or the Developer shall be directed to the addresses and sent in the manner set forth in Section 16 of this Agreement for notices, demands, and communications between HACOLA and the Developer. The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Section 2 and under Section 3.

3. CLOSING CONDITIONS; ESCROW INSTRUCTIONS

3.1. Closing Conditions. The obligation of HACOLA to perform all of its obligations under this Agreement, including, without limitation, the conveyance of the Site to Developer and the making of the Land Acquisition Loan and the HACOLA Secondary Financing Loans, shall be expressly subject to satisfaction or waiver by HACOLA of all of the following conditions (collectively, the "**Closing Conditions**") on or before the date specified in the Schedule of Performance for the close of the Escrow:

3.1.1. Title Insurance

3.1.1.1. Developer's Title Policy. As a condition to the close of the Escrow, North American Title Company (the "**Title Company**") shall be in a position to issue to the Developer an ALTA standard form policy of title insurance, in the amount of One Million Four Hundred Ninety Five Thousand Seven Hundred Ninety Two Dollars ($1,495,792) (the "**Developer's Title Policy**"), insuring that, upon the closing of the Escrow, fee title to the Site is vested in the Developer. The Title Company shall provide HACOLA with a copy of the Developer's Title Policy.

3.1.1.2. HACOLA Title Policy. Also as a condition to the close of the Escrow, Escrow Holder shall be irrevocably and unconditionally committed to issue to HACOLA, upon recordation of the Land Acquisition Deed of Trust, a lender's policy of title insurance (the "**HACOLA Title Policy**"), with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as HACOLA may reasonably require, in the amount of the Land Acquisition Loan, insuring HACOLA's interest as beneficiary under the Land Acquisition Deed of Trust encumbering the Site, and specifically insuring that the lien of the Land Acquisition Deed of Trust against the Site is subject only to the Senior Construction Financing and any exceptions to title applicable to the Site which were shown in a preliminary title report provided to HACOLA by Title

Company and approved in writing by HACOLA prior to the closing of the Escrow (collectively with the Senior Financing, the "**Permitted Senior Encumbrances**"). Developer shall pay all costs associated with the HACOLA Title Policy. Mechanic's liens shall not be an exception or exclusion from coverage. Standard lender's title insurance coverage (without the need for a survey) will be accepted by HACOLA unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy shall also be provided to HACOLA.

In the event that the Title Company advises HACOLA, the Developer or the Escrow Holder in writing that it is unwilling or unable to issue the Developer's Title Policy or the HACOLA Title Policy (as hereinafter defined) by the earlier of the satisfaction of all other Closing Conditions or the date set forth in the Schedule of Performance, then this Agreement may be terminated by either Party hereto by written notice to the other Party and the Escrow Holder in which event neither Party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to this Section 3.1.1 without first giving HACOLA thirty (30) days written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to assist in obtaining a new title company to issue said policy or policies. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining a new title company and the Developer's sole remedy in such event shall be to terminate this Agreement.

3.1.2. Zoning of the Site. As a condition to closing of the Escrow, the Developer, at its sole cost and expense, shall cause the zoning of the Site (including obtaining any conditional use permit, site plan approval, variance, and other permit or approval) to be such as to allow the development, construction, use, operation and maintenance of the Project on the Site in accordance with this Agreement. In the event that the Developer is unsuccessful prior to the date of the close of the Escrow (as set forth in the Schedule of Performance) to cause the zoning of the Site to conform to the zoning necessary to permit the development, construction, use, operation and maintenance of the Project on the Site, this Agreement may be terminated by either Party by written notice to the other Party and Escrow Holder and the Developer and HACOLA shall have no further obligations hereunder. However, in no event shall the Developer terminate this Agreement pursuant to this Section 3.1.2 without first giving HACOLA, thirty (30) days prior written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to cause such zoning to so conform. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining any required zone changes or variances for the Site and the Developer's sole remedy in such event shall be to terminate this Agreement.

3.1.3. Submission of Evidence of Construction Financing and Construction Contract

3.1.3.1.Construction Financing. As specified in the Schedule of Performance, the Developer shall, prior to the close of the Escrow, deliver to HACOLA an irrevocable written commitment (the "**Construction Commitment**"), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender, from a Qualified Financial Institution (as defined below) (the "**Senior Construction Lender**"), by which such Senior Construction Lender agrees to make financing available to the Developer for the development and construction of the Project (the "**Senior Construction Financing**"). The Construction Commitment

shall be in an amount not less than $8,711,519 (or such higher amount as HACOLA may give Developer written notice of prior to Developer's delivery to HACOLA of a Construction Commitment satisfying the conditions of this Section 3.1.3.1). As used herein, "**Qualified Financial Institution**" means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of HACOLA, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

The Construction Commitment shall provide that: (i) the documents evidencing the Senior Construction Financing will provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Project financed or to be financed by the Senior Construction Financing, provided such proceeds are sufficient to so repair the Developer Improvements and not to repay the outstanding balance of the Senior Construction Financing; (ii) the Senior Construction Financing will have a term of at least twelve (12) months, but no longer than the period during which the Developer is obligated under this Agreement and the Schedule of Performance to complete and sell all Thirty One (31) Units in the Project; (iii) the Senior Construction Financing shall be consistent with the terms and provisions of this Agreement and, to the extent not inconsistent with this Agreement, the Senior Construction Financing may be subject to the Senior Construction Lender's usual and customary commercial terms and conditions; (iv) the documents evidencing the Senior Construction Financing will provide for a third party disbursement agent, selected by the Senior Construction Lender, that will monitor the progress of the development of the Project, and will control the disbursement of the Senior Construction Financing based on such progress; and (v) the Senior Construction Financing is for the sole purpose of providing funds to develop the Project. The Developer agrees to take all actions, furnish all information, give all consents and pay all sums required to keep the Construction Commitment and Senior Construction Financing in full force and effect and shall comply with all conditions thereof, and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements, and loan documents in connection therewith. The Developer agrees that it shall draw upon and utilize the Senior Construction Financing only for financing the development costs for the Project and shall provide HACOLA with copies of all disbursement requests and other documentation regarding the progress of the development of the Project and the disbursement of funds to the Developer. In the event that HACOLA determines that the Senior Construction Lender, or its third party agent, is unable to effectively monitor the disbursement of the Senior Construction Financing, HACOLA shall give Developer notice of such determination and Developer shall exercise its best efforts to cause the Senior Construction Lender to agree to permit the Senior Construction Financing funds to be transferred to HACOLA or its agent, in which case HACOLA or its agent shall oversee the disbursement of such funds.

The Developer agrees that as a condition to the close of the Escrow it shall obtain written approval by HACOLA of the Construction Commitment for the Senior Construction Financing on or before the date specified in the Schedule of Performance. Such approval of the Construction Commitment for the Senior Construction Financing will not constitute a waiver by HACOLA of any breach or violation of this Agreement by the Developer that is a result of acts that purport to be in compliance with or in furtherance of the Senior Construction Financing.

In the event that the Developer is unsuccessful, by the dates set forth in the Schedule of Performance, in obtaining a Construction Commitment or obtaining approval by HACOLA of any such Construction Commitment obtained, this Agreement may be terminated by either Party hereto by written notice to the other Party, in which event neither Party hereto shall have any further obligations to the other hereunder.

3.1.3.2.Construction Contract. By the deadline specified therefore in the Schedule of Performance, Developer agrees to deliver to HACOLA for its approval a written agreement (the "**Construction Contract**") for construction of the Project on the Site and any and all work on the Site or in the public right of way in connection therewith. The Construction Contract shall include a construction schedule and a schedule of values ("**Construction Budget**"). The Construction Contract shall obligate a general contractor approved by HACOLA (the "**General Contractor**"), who is insured as required herein, appropriately licensed in California, and experienced in completing the type of work contemplated by this Agreement, to commence and complete the Project and Site work to be constructed on the Site in accordance with this Agreement. The Construction Contract shall be a guaranteed maximum cost contract assuring completion of the Project for a fixed price, subject to such reasonable adjustments as are customarily allowed with respect to such contracts for authorized change orders or other like matters (it being further provided in the Construction Contract that all change orders shall be made in accordance with the Basic Design Concept, shall be of equal or better quality then the materials approved in the Plans, and shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days). The fixed price for the Construction Contract shall be in an amount that, when added to all consultant and loan fees, "points," commissions, charges, developer's fees, fixtures, taxes, interest, start-up and any other costs and expenses of developing and completing the Project and Site work (the aggregate of these costs is sometimes referred to collectively as "**Development Cost**"), does not exceed the aggregate amount of (i) the Construction Commitment, and (ii) all equity to be contributed by and demonstrated to be available to the Developer for the cost of constructing the Project.

The Developer shall obtain HACOLA's written approval of the Construction Contract and the General Contractor on or before the date specified in the Schedule of Performance and as a condition to the close of the Escrow. HACOLA's approval of any Construction Contract will not constitute a waiver by HACOLA of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

3.1.3.3.Procedure for HACOLA Approval of Construction Financing and the Construction Contract. The Developer must obtain the approval of HACOLA, which approval shall not be unreasonably withheld, with respect to all financing and construction documentation required to be delivered pursuant to Sections 3.1.3.1 and 3.1.3.2 (collectively, the "**Submissions**"). HACOLA shall approve or disapprove the Submissions within the time set forth in the Schedule of Performance. The Developer shall have ten (10) business days from receipt of any notice from HACOLA disapproving a Submission (a "**Disapproval Notice**") within which to notify HACOLA that the Developer will revise the Submission as requested or to object to such HACOLA disapproval. If the Developer does not notify HACOLA in writing within such ten (10) business day

period that it specifically objects to the HACOLA disapproval, the Developer shall be deemed to have agreed to revise the Submission as requested by HACOLA. If the Developer objects to the HACOLA disapproval, and if the Developer so notifies HACOLA within said ten (10) business day period of its specific objection, then HACOLA and the Developer agree that they will meet to discuss their differences within ten (10) days after the date on which Developer gives such notice. Unless excused, failure of the Developer to meet with HACOLA within said ten (10) day period shall constitute a waiver by the Developer of such objection. Following said meeting, or following the Developer's deemed approval or waiver of such objection, the Developer shall revise the objected-to Submission and resubmit it to HACOLA as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions. Notwithstanding the above time periods, if HACOLA deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency or commission thereof, before the action specified is to be taken, the period for such action by HACOLA shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting(s). Such extended period shall be at the option of HACOLA only; provided that, if HACOLA elects to receive the above extension, the time for Developer's performance of its obligations under this paragraph shall be extended by a period of time equal to the actual extension obtained by HACOLA.

3.1.4. Delivery of Documents; Other Conditions.

3.1.4.1. The execution of this Agreement by HACOLA and Developer, and delivery of a fully executed copy to Escrow Holder.

3.1.4.2. HACOLA's deposit into the Escrow of a fully executed Grant Deed (the "**Land Acquisition Grant Deed**").

3.1.4.3. Developer's due execution and deposit into the Escrow of the Land Acquisition Promissory Note.

3.1.4.4. Developer's due execution (with notary acknowledgment) and deposit into the Escrow of the Land Acquisition Deed of Trust.

3.1.4.5. Receipt by HACOLA from Developer of such other documents, certifications and authorizations as are reasonably required by HACOLA, in form and substance satisfactory to HACOLA, evidencing that (i) this Agreement, the Land Acquisition Promissory Note, the Land Acquisition Deed of Trust, and all other documents given or executed in connection herewith (collectively, the "**Transaction Documents**") are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of the Transaction Documents, and the performance hereunder by Developer, will not breach or violate any applicable Governmental Restrictions nor constitute a breach of or default under any instrument or agreement to which Developer is a party.

3.1.4.6. No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Construction Financing, and Developer shall have demonstrated to the satisfaction of HACOLA's Executive Director (or his designee) that all financing sources for development of the Project are or will be available in sufficient amounts to provide for full and timely completion of the Project. In particular, but not by way of limitation (i) the Construction Commitment has been approved by HACOLA, is in full force and effect, with all pre-conditions to funding having been satisfied and with the Senior Construction Lender having certified in writing to HACOLA and the Escrow Holder that it is ready to record the Senior Construction Financing immediately upon recordation of the Land Acquisition Grant Deed, and (ii) the Permanent Financing Interest Letters have been approved by HACOLA, are in full force and effect, with all pre-conditions to funding having been satisfied other than the lien-free completion of the Project and with the Permanent Lenders having certified in writing to HACOLA and Escrow Holder that they are ready to issue Permanent Loans to Qualified Buyers satisfying their respective credit requirements.

3.1.4.7. Developer shall have furnished HACOLA with certificates of insurance evidencing the coverages required by Section 4.7 below.

3.1.4.8. Developer shall have certified and demonstrated to HACOLA that the requirements of Section 4.8 below have been satisfied.

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

3.1.4.10. Developer shall have obtained written architectural and site planning review approval by HACOLA in conformance with the requirements set forth in this Agreement (including, without limitation, Exhibit "J"),

3.2. Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Closing Conditions set forth in Sections 3.1.1, 3.1.4.1, 3.1.4.2, 3.1.4.3 and 3.1.4.4 have been satisfied, and has received written certification from the Developer and from HACOLA that all other Closing Conditions set forth in Section 3.1 have been timely satisfied or waived, then Escrow Holder

shall carry out the close of the Escrow ("**Close of Escrow**") by:

(i) causing the Land Acquisition Grant Deed, the first deed of trust evidencing the Senior Construction Financing, and the Land Acquisition Deed of Trust to be recorded, in that order, in the Official Records of Los Angeles County, California;

(ii) delivering the executed original Land Acquisition Promissory Note to HACOLA; and

(iii) causing the Developer's Title Policy and the HACOLA Title Policy to be issued to the Developer and HACOLA, respectively, in the forms and the amounts specified in Section 3.1.1.

The close of the Escrow shall occur concurrently with the closing for the Senior Construction Financing. If the close of the Escrow does not occur prior to the time for such closing set forth in the Schedule of Performance, then, if the Escrow Holder has received written instructions signed by HACOLA to terminate the Escrow, the Escrow shall terminate, and Escrow Holder shall promptly return all documents to the Party depositing them.

4. PROJECT CONSTRUCTION

4.1. Scope of Development.

The Site shall be developed as a residential development comprised of Thirty One (31) detached single family houses, including 17 on fee simple lots and 14 condominium units, each containing four (4) bedrooms and two and one-half (2½) bathrooms, and ranging in size from approximately 1,558 square feet to 1,837 square feet (each, a "**Unit**"; collectively, "**Units**"), in a good and workmanlike manner, in accordance with the approved Plans and all applicable Governmental Restrictions, and containing all necessary parking areas, walkways, streets, driveways, landscaping, central and ancillary public areas, and other improvements associated with the Project, as depicted on the Plans approved by HACOLA in accordance with this Section 4 (collectively, the "**Project**").

4.2. Concept Drawings.

The Developer has submitted to HACOLA and HACOLA has approved certain basic concept drawings and related documents containing the overall plan for development of the Site (collectively, "**Basic Concept Drawings**"). The Site shall be developed as generally established in the Basic Concept Drawings, subject to any changes that are mutually agreed upon between the Developer and HACOLA.

4.3. Construction Plans, Drawings, and Related Documents.

In addition to the Basic Concept Drawings, the Developer will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications,

and related documents for the Project (sometimes collectively referred to as the "**Plans**") to HACOLA for architectural and site planning review and written approval by HACOLA. The Plans are to be in conformance with the requirements set forth in this Agreement (including, without limitation, Exhibit "J"), consistent with the Basic Concept Drawings, and in conformance with the Los Angeles County Building Code, as amended from time to time, and other applicable Governmental Restrictions. The Plans are to be submitted in two stages: preliminary and final working drawings and specifications. Final working drawings and specifications are hereby defined as those in sufficient detail to obtain a building permit.

The Plans include preliminary and final finish grading and landscaping plans, and public improvement and street plans and specifications for the Site. All Plans shall be prepared and submitted within the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the Parties.

During the preparation of all Plans, HACOLA staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of the Plans by HACOLA. HACOLA and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of the Plans to HACOLA can receive prompt and speedy consideration.

4.4. HACOLA Approval of Plans.

Subject to the terms of this Agreement, HACOLA shall have the right of architectural and site planning review of all Plans, including any changes thereto. Notwithstanding such review by HACOLA, the Developer shall also obtain any architectural and site planning review required by any agency, department, board, or commission of County of Los Angeles ("**County**") having jurisdiction over the Project within the times required for such review by such agency, department, board or commission. The Developer shall also submit any Plans and other submissions required for development permits or building permits to be issued by the City or County or other public agencies.

HACOLA shall approve or disapprove in writing the Plans referred to in Section 4.3 of this Agreement within the times established in the Schedule of Performance. Any disapproval by HACOLA shall state in writing (the "**Notice of Disapproval**") the reasons for disapproval and the changes which HACOLA requests be made. Such reasons and such changes must be consistent with this Agreement and any items previously approved hereunder by HACOLA. The Developer, upon receipt of a Notice of Disapproval, shall revise the Plans and resubmit them to HACOLA within thirty (30) days after receipt of the Notice of Disapproval, and the deadline set forth in the Schedule of Performance by which Developer is required to secure approval of such disapproved Plans shall be adjusted accordingly. Any resubmission(s) shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission of such Plans. Notwithstanding the above time periods, if HACOLA is required by law or deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency thereof, before the action specified is to be taken, the period for such action by HACOLA shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Developer agrees to use best efforts to follow the Plans without any changes. If, during the course of construction, despite the Developer's use of best efforts to follow the Plans, changes to the Plans are necessary, Developer shall not be required to seek HACOLA approval of such changes, provided that (i) if such changes substitute any materials or equipment specification expressly set forth in the Plans, the substituted materials or equipment shall be of equal or better quality than those contained in the Plans, (ii) any such changes shall conform to the Basic Concept Drawings, and (iii) any such changes shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days.

The Developer understands that any administrative approval by HACOLA staff or any approval by the governing board of HACOLA of any Plans or other submissions by the Developer shall not be construed to constitute an approval by County and County shall retain full and absolute discretion respecting the granting or withholding of County approvals required under this Agreement or by applicable Governmental Restrictions in connection with the construction of the Project and the use of the Site.

HACOLA neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Project, whether with respect to the quality, adequacy or suitability or the Construction Contract, plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same, including without limitation, the General Contractor, or otherwise. Developer and all third parties shall rely upon its or their own judgment with respect to such matter, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by HACOLA in connection with such matter is for the public purpose of carrying out redevelopment, including the provision of affordable housing for Low Income Households, in accordance with this Agreement, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

4.5. Cost of Construction.

The cost of developing the Site and constructing the Project thereon shall be borne solely by the Developer, including all related public improvements as may be required by the County. HACOLA and the Developer shall otherwise each pay their own costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

4.6. Construction Schedule.

Developer shall promptly begin the construction of the Project and the development of the Site at the time set forth in the Schedule of Performance and shall thereafter diligently prosecute the same to completion. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and HACOLA.

During the period of construction, but not more frequently than once a month, the Developer

shall submit to HACOLA a written progress report of the construction of the Project, when and as requested in writing by HACOLA. The report shall be in such form and detail as may reasonably be requested by HACOLA and shall include a reasonable number of construction photographs taken since the date of the last report submitted by the Developer to HACOLA.

4.7. Indemnification and Insurance.

From and after the execution of this Agreement, the Developer hereby agrees to indemnify and hold harmless HACOLA, s CDC and the County and each of their respective officials, officers, attorneys, employees, agents and commissioners (collectively, "**HACOLA/CDC/County Representatives**"), and each of them, from and against all Losses and Liabilities related directly or indirectly to, or arising out of or in connection with (i) any breach or default by the Developer hereunder, (ii) any of the Developer's activities on the Site (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including, without limitation, the construction of the Project on the Site and the use or condition of the Project, or (iii) any other fact, circumstance or event related to the Developer's performance hereunder.

Without limiting the Developer's indemnification of HACOLA, CDC and the County as set forth above, upon the close of Escrow, the Developer shall provide and maintain at its sole cost and expense for the periods stated below:

(i) Comprehensive general and automobile liability insurance, including contractual liability, with a combined single limit of a least One Million Dollars ($1,000,000) for each occurrence and Two Million Dollars ($2,000,000) general aggregate. HACOLA, CDC and the County and the HACOLA/CDC/County Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Developer with respect to the Project. Such insurance shall be primary insurance with respect to HACOLA, CDC and the County and shall contain cross liability protection. Such insurance shall be maintained continuously for as long as the Developer shall own the Site or any portion thereof, and shall be endorsed to require thirty (30) days prior written notice from insurer to HACOLA before cancellation or change in coverage. The Developer shall require its contractor and subcontractors to include HACOLA , CDC and the County and the HACOLA/CDC/County Representatives as additional insureds on all general liability insurance covering work at the Site.

(ii) "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of the Project. Such insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Such insurance shall be maintained as long as Developer shall own the Project or any portion thereof.

(iii) Worker's Compensation insurance as required by the Labor Code of the State of California.

Prior to commencing construction on the Site, the Developer shall deliver to

HACOLA certificates of insurance with original endorsements evidencing the coverage required by this Section 4.7 provided by insurers admitted in California and having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. HACOLA reserves the right to require complete certified copies of all policies at any time.

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

Failure on the part of the Developer to procure or maintain any required insurance shall constitute a material breach of this Agreement under which HACOLA may immediately terminate this Agreement. At its discretion, HACOLA may procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by HACOLA shall be repaid by the Developer to HACOLA upon demand with interest at the Default Rate.

4.8. County and Other Governmental Agency Permits.

Before commencement of construction or development of any buildings, structures, or other work of improvement upon the Site, the Developer shall, at its own expense, determine and secure or cause to be secured any and all permits which may be required by the County or any other governmental agency affected by or with jurisdiction over such construction, development, or work on the Site. HACOLA may, but shall have no obligation to, provide any assistance deemed appropriate by HACOLA, to assist Developer in obtaining such permits. The Developer shall obtain all building permits for the Project no later than the date set forth in the Schedule of Performance.

4.9. Rights of Access

For the purposes of assuring compliance with this Agreement (including this Section 4), the HACOLA/CDC/County Representatives shall have the reasonable right of access to the Site in accordance with Section 12 of this Agreement without charges or fees and during normal business hours.

4.10. Anti-Discrimination During Construction

The Developer covenants for itself and its successors and assigns that with respect to the construction of the Project, the Developer and its contractors and suppliers will abide by the anti-discrimination provisions set forth in Section 6 of this Agreement.

4.11. Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Developer in accordance with this Agreement, the Developer shall pay, when due, all real estate taxes and assessments assessed and levied on the Site. Prior to the issuance of a Certificate of Completion (as hereinafter defined), the Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance, lien, levy, attachment or other voluntary or involuntary encumbrance that is not authorized by this Agreement (each, an "**Unpermitted Lien**"). The Developer shall remove or cause to be removed any Unpermitted Lien created or attached to the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Developer in respect thereto. Developer shall promptly notify HACOLA of any Unpermitted Lien that is created or attached to the Site prior to issuance of a Certificate of Completion for the construction of the Project on the Site.

The Developer understands that under certain conditions its control of the Site or portion thereof under this Agreement may give rise to the imposition of a possessory interest tax on the Site, and in such event, the Developer agrees to pay when due any such possessory interest tax.

4.12. Security Financing; Rights of Holders.

4.12.1. Permitted Construction Loan.

Notwithstanding Sections 4.11 and 27 of this Agreement, the Senior Construction Financing which satisfies the requirements of and is approved by HACOLA in accordance with Section 3.1.3.1, may encumber the Site, or a portion thereof.

4.12.2. Senior Construction Financing Proceeds Applied to Construction of Project Only.

This Agreement shall not be deemed or construed to permit or authorize any Senior Construction Lender to devote the Site to any uses, or construct any improvements thereon, other than those uses provided for and authorized by this Agreement.

4.12.3. Notice of Default to Mortgage, Deed of Trust, or Other Security Interest Holders; Right to Cure.

Whenever HACOLA shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in completion of construction of the Project, HACOLA shall at the same time deliver a copy of such notice or demand to the Senior Construction Lender authorized by this Agreement, if the Senior Construction Lender has previously made a written request to HACOLA therefor. The Senior Construction Lender shall (insofar as the rights of HACOLA are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. If such cure involves the continuation or completion of construction of the Project, the Senior Construction Lender shall have the option to assign its right to cure to a qualified builder, approved by HACOLA in its sole and absolute discretion. Such builder shall be required to expressly assume the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA and must agree to complete the

Project, in the manner provided in this Agreement. In the event there is a construction lender (approved by HACOLA) in addition to the Senior Construction Lender (the Senior Construction Lender and any other construction lender each hereinafter sometimes referred to as a "**Construction Lender**"), the right to cure or remedy a breach or default of the Developer under this Section 4.12.3 may be exercised by the Senior Construction Lender or as the Construction Lenders may otherwise agree among themselves (provided in such case that a copy of the intercreditor agreement evidencing such agreement be provided by the Construction Lenders to HACOLA), but there shall be only one exercise of such right to cure and remedy a breach or default of the Developer under this Section 4.12.3. Nothing contained in this Agreement shall be deemed to permit or authorize a Construction Lender to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the construction already completed) without first having expressly assumed the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA. A Construction Lender in that event must agree to complete, in the manner provided in this Agreement, the Project. A Construction Lender properly completing such improvements shall be entitled, upon written request made to HACOLA, to a Certificate of Completion from HACOLA.

4.12.4. Failure of Holder to Complete Improvements.

The Developer shall ensure that the following provision is incorporated into the documents evidencing any construction loan applicable to the Site:

If a Construction Lender has not timely exercised its right to complete construction of the Project in accordance with Section 4.12.3, or if a Construction Lender has exercised its right to complete the construction of the Project but has not proceeded diligently with construction at all times thereafter, HACOLA may, but is not obligated to, purchase the construction loan by payment to the Construction Lender of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Site has vested in the Construction Lender, HACOLA, if it so desires, shall be entitled to a conveyance of the Site from the Construction Lender to HACOLA upon payment to the holder of an amount equal to the sum of the following:

a. The total unpaid construction loan debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

b. All expenses with respect to foreclosure;

c. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site;

d. The costs of any authorized improvements made by the Construction Lender; and

e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the construction loan and such debt had continued in existence to the date of payment by HACOLA.

4.13. Right of HACOLA to Cure Mortgage, Deed of Trust, or Other Security Interest Default

The Developer shall ensure that the documents evidencing any construction loan applicable to the Site, including without limitation the Senior Construction Financing, provide that in the event of a default or breach by the Developer under such construction loan prior to the completion of the Project, where the holder thereof has not exercised its option to complete the Project, HACOLA shall be given notice of the default concurrently with Developer and may elect, in its sole and absolute discretion and with no obligation to do so, to cure the default prior to completion of any foreclosure. In such event, HACOLA shall be entitled to reimbursement from the Developer of all costs and expenses incurred by HACOLA in curing the default. HACOLA shall also be entitled to a lien upon the Site with power of sale to the extent of such costs and disbursements. Any such lien shall be subject only to the Senior Construction Financing.

4.14. Completion of Project; Certificate of Completion

"**Completion of the Project**" shall be deemed to have occurred when HACOLA has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to HACOLA's review and approval:

4.14.1. A signed certificate from the General Contractor, in a form reasonably acceptable to HACOLA, certifying to HACOLA that construction was completed substantially in accordance with the requirements of the approved Plans and this Agreement, and all other related improvements required to be completed by the Developer under this Agreement have been completed;

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

4.14.3. Certificates of insurance issued by Developer's insurance agent evidencing compliance with all insurance requirements set forth in this Agreement;

4.14.4. Unconditional Waivers and Releases upon Final Payment, in statutory form, executed by all persons or entities furnishing services or supplies in connection with the Project and showing no outstanding sums due or in dispute;

4.14.5. Any mechanics liens which have been recorded have been released or statutory release bonds with respect to such mechanics liens issued by sureties satisfactory to HACOLA have been obtained and recorded;

A valid notice of completion for the Project pursuant to California Civil Code Section

3093 has been filed at least thirty five (35) days prior to the making of the final payments to the General Contractor and all subcontractors and suppliers furnishing services or supplies in connection with the Project; No default exists under the Senior Construction Financing, this Agreement or any other construction financing for the Project.

Developer submitted evidence of the establishment of a reserve account for the homeowners association in an amount equal to the greater of $6,000 or the monthly homeowners association fee times the Number of Assisted units times six months, subject to the California Department of Real Estate ("D.R.E.") approval.

Upon Completion of the Project and Developer's written request, HACOLA shall furnish the Developer with a certificate of completion duly executed by HACOLA (the "**Certificate of Completion**"), unless HACOLA reasonably determines that Completion of the Project has not occurred. HACOLA shall not unreasonably withhold the Certificate of Completion. If HACOLA refuses or fails to furnish a Certificate of Completion for the Site after written request from the Developer, HACOLA shall, within thirty (30) days of such written request, provide the Developer with a written statement of the reasons HACOLA refused or failed to furnish the Certificate of Completion. The statement shall also contain HACOLA's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is limited to the immediate unavailability of specific items or materials for landscaping, HACOLA will issue the Certificate of Completion upon the posting of a bond by the Developer with HACOLA in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County, and shall be, and shall state that it is, a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof with respect to such construction; provided, that, if a bond has been posted to insure completion of any items, the Certificate of Completion shall not limit HACOLA's right to require such completion or to proceed against such bond. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site (other than Developer) shall not (because of such ownership, purchase, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the HACOLA Secondary Financing Deeds of Trust or other instruments encumbering such interest in the Site.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder or any insurer of a mortgage securing a construction loan. The Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

4.15. Subordination of Land Acquisition Loan to Senior Construction Loan.

HACOLA acknowledges the intent of the Developer to secure the Senior Construction Financing pursuant to Section 3.1.3.1 of this Agreement. HACOLA agrees to subordinate its security interest in the Site to such mortgage, deeds of trust, or other security instruments securing the Senior Construction Financing which have been approved by HACOLA and meeting the

requirements set forth in Section 3.1.3.1. HACOLA agrees to execute and deliver such documents as may be reasonably requested by the Senior Construction Lender to evidence such subordination.

HACOLA further agrees to subordinate the affordability restrictions contained in Section 5.1 of this Agreement to the Senior Construction Financing (meeting the requirements set forth in Section 3.1.3.1) during the construction period of the Project. The construction period shall start upon the commencement of construction and shall end upon the issuance of a Certificate of Completion pursuant to Section 4.14 of this Agreement. HACOLA agrees to execute and deliver such documents as may be reasonably requested by the Senior Construction Lender to evidence such subordination of the affordability restrictions; provided that such documents provide that, upon the issuance of a Certificate of Completion, such subordination of the affordability restrictions shall terminate and have no further force or effect. Developer agrees that HACOLA shall have no obligation to provide the HACOLA Secondary Financing Loans (as hereinafter defined) for so long as the foregoing subordination is in effect.

5. SALE OF ASSISTED UNITS; HACOLA SECONDARY FINANCING LOANS

5.1. Restriction to Qualified Buyers.

Notwithstanding anything to the contrary in this Agreement, Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that, until all of the Assisted Units have been sold to Qualified Buyers pursuant to the terms of this Agreement (such period referred to herein as, the "**Term**"), Developer and such successors and assigns shall use the Site solely for the purpose of developing the Project as a residential development with the number of total Units and the number of the Assisted Units specified in the Transaction Summary above and selling the Assisted Units to Qualified Buyers. All Assisted Units shall be sold in accordance with the escrow procedures set forth in Section 5.5 below. As used in this Agreement, "**Qualified Buyer**" means a person or persons from a Low Income Household (as defined below) who have been approved by HACOLA pursuant to Section 5.4 below. Assisted Units shall be dispersed throughout the Site, and shall be no less attractive or desirable on average (whether because of tenure type (consisting of Nine (9) Units on Fee Simple lots and Seven (7) Condominium Units,) square footage, convenient access, views, amenities, or other reasons) than the other Units in the Project which are not Assisted Units (the "**Non-Assisted Units**").

"**Area Median Income**" shall mean the median income for the Los Angeles/Long Beach Metropolitan Standard Statistical Area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development, or any successor entity designated under state law as responsible for establishing such Area Median Income.

"**Low Income Households**" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for low-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty-percent (80%) of Area Median Income adjusted, for family size and other

adjustment factors, by the United States Department of Housing and Urban Development.

5.2. Marketing of Assisted Units.

Prior to the commencement of marketing of the Assisted Units, Developer shall obtain HACOLA's written approval of an affirmative marketing plan, sales guidelines, and a summary of the rules, procedures and programs for the Project, including, specifically, the procedures to be employed by Developer to select Proposed Purchasers in the event that, at any given time, the number of prospective purchasers who meet the requirements set forth in Section 5.1 above exceeds the number of Assisted Units available for sale.

5.3. HACOLA Secondary Financing Loans.

In order to help Qualified Buyers pay for the acquisitions of Assisted Units, upon the recordation of the Certificate of Completion for the Project, and provided that the Developer is not in default of any of its obligations under this Agreement, HACOLA will provide second trust deed loans to Qualified Buyers of Assisted Units (each such loan is hereinafter referred to as a "**HACOLA Secondary Financing Loan**"), as further described in this Section 5.3. The amount of each HACOLA Secondary Financing Loan (the "**HACOLA Secondary Financing Loan Amount**") will be the sum of: (i) the aggregate sum of ONE HUNDRED THOUSAND DOLLARS ($100,000) plus (ii) the amount which the Sales Price for the Assisted Unit exceeds the sum of the HACOLA Assistance Amount plus the Affordable Buyer Contribution (the "**Tertiary Financing Amount**"). The "**Affordable Buyer Contribution**" is the maximum contribution by a Qualified Buyer (including proceeds of a Permanent Loan (as hereinafter defined) provided by a Permanent Lender (as hereinafter defined) and a down payment) consistent with the sale of the Assisted Unit to the Qualified Buyer at an Affordable Housing Cost, as calculated and approved by HACOLA based upon the income level of the Qualified Buyer and the interest rate(s) applicable to the Qualified Buyer's Permanent Loan Each Qualified Buyer will receive a credit against the Sales Price of such Qualified Buyer's Assisted Unit equal to the Tertiary Financing Amount. The Tertiary Financing Amount will be funded by HACOLA via a credit to the Developer against the outstanding amounts owing under the Land Acquisition Promissory Note. In addition, each Qualified Buyer will receive a credit from the Developer against the Sales Price of such Qualified Buyer's Assisted Unit equal to the Tertiary Financing Amount. Developer has agreed to provide such credits to each Qualified Buyer and Developer has agreed that such credits will be for the benefit of HACOLA in consideration of HACOLA's acquisition and disposition of the Site to Developer, of HACOLA's making the Land Acquisition Loan in connection therewith, and of HACOLA's making available the Secondary Financing Loans. HACOLA will not fund the Tertiary Financing Amounts but each Tertiary Financing Amount will be included in the total amount of the HACOLA Tertiary Financing Note entered into by each Qualified Buyer in connection with the close of Escrow.

Each HACOLA Secondary Financing Loan shall be evidenced by: (i) a shared appreciation promissory note in favor of HACOLA in the amount of the HACOLA Assistance Amount and in the form attached hereto as Exhibit "K" (the "**HACOLA Secondary Financing Note**"), which shall be secured by a second priority deed of trust in favor of HACOLA recorded against the Qualified Buyer's fee interest in the Assisted Unit and which shall be in the form attached hereto as Exhibit

"L" (the "**HACOLA Secondary Financing Deed of Trust**"); and (ii) a promissory note in favor of HACOLA in the amount of the Tertiary Financing Amount and in the form attached hereto as Exhibit "M" (the "**Tertiary Financing Note**"), which shall be secured by a third priority deed of trust in favor of HACOLA recorded against the Qualified Buyer's fee interest in the Assisted Unit and which shall be in the form attached hereto as Exhibit "N" (the "**Tertiary Financing Deed of Trust**"). Each HACOLA Secondary Financing Loan and Tertiary Financing Loan shall accrue zero percent (0%) interest (except upon the occurrence of a default thereunder) and shall be due and be payable to HACOLA and CDC in proportion to the initial Assistance Amount provided, forty-five (45) years after recordation of the applicable HACOLA Secondary Financing Deed of Trust and Tertiary Financing Deed of Trust, with all payments of principal deferred for the term of the HACOLA Secondary Financing Note and the Tertiary Financing Note; provided, however, that the HACOLA Secondary Financing Note and the Tertiary Financing Note shall, at the option of the Executive Director of HACOLA, be immediately due and payable upon the sale or refinance of the Assisted Unit to which it applies. In the event that the appraised value of the Assisted Unit at the time of such resale or refinance (which appraised value shall be subject to the approval of HACOLA) is below the original Sales Price of such Unit, HACOLA may, at HACOLA's sole discretion, forgive all or part of the Tertiary Financing Note.

5.4. Assisted Unit Escrows.

The Developer shall cause the agreement for the purchase of each Assisted Unit to be evidenced by a written purchase agreement (each an "**Assisted Unit Buyer Agreement**"), in a form approved by HACOLA, and fully executed by Developer and the proposed purchaser (the "**Proposed Purchaser**"). The Assisted Unit Buyer Agreement will provide that the obligation of the Developer to convey title thereunder to the Proposed Purchaser shall be conditioned upon HACOLA's approval of the Proposed Purchaser and otherwise upon satisfaction of the requirements of this Section 5.4 and Section 5.5 below. Within seven (7) days after the execution of an Assisted Unit Buyer Agreement for an Assisted Unit, an escrow (each an "**Assisted Unit Escrow**") shall be opened with Escrow Holder. Upon identifying a Proposed Purchaser, Developer, or its designee, shall provide to HACOLA, by personal delivery or by first-class U.S. Mail, a reservation request completed by the Proposed Purchaser, together with such loan applications, documentation and other information and data (collectively, "**Loan Information**") requested by HACOLA to permit HACOLA to (i) verify that the Proposed Purchaser is a Qualified Buyer, and (ii) determine the credit-worthiness of the Proposed Purchaser; provided, however, that HACOLA shall accept, in lieu of the Loan Information, copies of all loan applications and other documentation and data received by the Permanent Lender in connection with its consideration of the Permanent Loan to each Proposed Purchaser so long as such documentation contains the information required by HACOLA to make its findings under (i) and (ii) hereinabove (collectively, the "**Reservation Request**"). If HACOLA approves, in its sole and absolute discretion, the Reservation Request, then HACOLA shall provide written notice of such approval to the Developer and the Proposed Purchaser and such Proposed Purchaser shall be considered a Qualified Buyer for purposes of this Agreement.

5.5. Conditions to Closing of Assisted Unit Escrows. The closing of an Assisted Unit Escrow, and HACOLA's obligation to make a HACOLA Secondary Financing Loan to a Qualified Buyer with respect to an Assisted Unit, shall be expressly subject to satisfaction or waiver by

HACOLA of all of the following conditions (collectively, the "**Assisted Unit Closing Conditions**"):

5.5.1.1. the Proposed Purchaser has become a Qualified Buyer pursuant to Section 5.4 above;

5.5.1.2. the Qualified Buyer has deposited into the Assisted Unit Escrow a duly executed HACOLA Secondary Financing Note and a duly executed Tertiary Financing Note;

5.5.1.3. the Qualified Buyer has deposited into the Assisted Unit Escrow a duly executed and acknowledged HACOLA Secondary Financing Deed of Trust and a duly executed and acknowledged HACOLA Tertiary Financing Deed of Trust;

5.5.1.4. the Developer has deposited into the Assisted Unit Escrow a duly executed and acknowledged grant deed with respect to the Assisted Unit to be purchased by the Qualified Buyer, in a form approved by HACOLA ("**Assisted Unit Grant Deed**");

5.5.1.5. the Qualified Buyer has deposited into the Assisted Unit Escrow such other documents as may be reasonably requested by the Escrow Holder or by the Title Company;

5.5.1.5.1. HACOLA has deposited into the Assisted Unit Escrow such other documents as may be reasonably requested by the Escrow Holder or by the Title Company;

5.5.1.6. the Qualified Buyer and/or the Permanent Lender has deposited cash in the amount of the Affordable Buyer Contribution into the Assisted Unit Escrow;

5.5.1.7. the Qualified Buyer has obtained an all-risk insurance policy insuring the Assisted Unit in an amount equal to the full replacement value of the Assisted Unit and in a form and with an insurance company approved by HACOLA. Such policy shall name HACOLA as loss payee and shall contain a statement of obligation on behalf of the carrier to notify HACOLA of any material change, cancellation or termination of coverage at least thirty (30) days in advance of such material change, cancellation or termination;

5.5.1.8. Escrow Holder shall have confirmed that the Title Company is irrevocably and unconditionally committed to issue to HACOLA, upon recordation of the HACOLA Secondary Financing Deed of Trust and the HACOLATertiary Financing Deed of Trust, a lender's policy of title insurance (the "**HACOLA Secondary Financing Title Policy**"), with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as

HACOLA may reasonably require, in the amount of the HACOLA Secondary Financing Loan, insuring HACOLA's interest as beneficiary under the HACOLA Secondary Financing Deed of Trust and the Tertiary Financing Deed of Trust encumbering the Assisted Unit, and specifically insuring that the lien of the HACOLA Secondary Financing Deed of Trust against the Assisted Unit is subject only to the lien of the Permanent Loan and any exceptions to title applicable to the Assisted Unit which were shown in a preliminary title report provided to HACOLA by Title Company no later than seven (7) days after the approval by HACOLA of the Reservation Request and approved in writing by HACOLA prior to the closing of the Assisted Unit Escrow, and that the lien of the Tertiary Financing Deed of Trust against the Assisted Unit is subject only to the lien of the Permanent Loan and the HACOLA Secondary Financing Deed of Trust and any exceptions to title applicable to the Assisted Unit which were shown in a preliminary title report provided to HACOLA by Title Company no later than seven (7) days after the approval by HACOLA of the Reservation Request and approved in writing by HACOLA prior to the closing of the Assisted Unit Escrow. Developer shall pay all costs associated with the HACOLA Secondary Financing Title Policy. Mechanic's liens shall not be an exception or exclusion from coverage. Standard lender's title insurance coverage (without the need for a survey) will be accepted by HACOLA unless the Permanent Lender requires extended coverage, in which case an ALTA extended coverage policy shall also be provided to HACOLA;

5.5.1.9. The Certificate of Completion for the Project shall have been recorded in the Official Records of Los Angeles County;

5.5.1.10. No Event of Default shall exist under this Agreement, the Land Acquisition Promissory Note, the Land Acquisition Deed of Trust, the HACOLA Secondary Financing Note, the HACOLA Secondary Financing Deed of Trust, the Tertiary Financing Note or the Tertiary Financing Deed of Trust or under any agreement or instrument relating to any financing for the Project or the Assisted Unit;

5.5.1.11. No stop notice or mechanics' lien shall have been filed against the Site unless same has been discharged as provided by law;

5.5.1.12. Developer shall have furnished HACOLA and obtained the HACOLA's approval of all soils and geologic reports existing with respect to the Site. Developer hereby acknowledges that the HACOLA 's review and approval of such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of HACOLA and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter;

5.5.1.13. Developer shall have furnished HACOLA, if applicable, and obtained HACOLA's approval of the compliance with the environmental mitigation

measures specified in the "Environmental Special Conditions" referenced in "Exhibit O" attached hereto. Developer hereby acknowledges that HACOLA's review and approval of such compliance with environmental mitigation measures under this Agreement is solely for the benefit of the HACOLA and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of such matter;

5.5.1.14. All of the Closing Conditions set forth in Section 3.1 above are otherwise satisfied, as certified to the Escrow Holder by HACOLA; and

5.5.1.15. HACOLA has deposited into the Assisted Unit Escrow a fully executed and acknowledged Partial Reconveyance of the Land Acquisition Deed of Trust with respect to the Assisted Unit being sold (the "**Partial Reconveyance**").

5.6. Assisted Unit Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Assisted Unit Closing Conditions set forth in Sections 5.5.1.2, 5.5.1.3, 5.5.1.4, 5.5.1.6, 5.5.1.8, and 5.5.1.15 have been satisfied, and has received written certification from HACOLA that all other Assisted Unit Closing Conditions set forth in Section 5.5 have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Assisted Unit Escrow ("**Assisted Unit Close of Escrow**") by:

(i) causing the Partial Reconveyance, the Assisted Unit Grant Deed, the deed of trust evidencing the Permanent Loan, the HACOLA Secondary Financing Deed of Trust and the Tertiary Financing Deed of Trust to be recorded, *in that order*, in the Official Records of Los Angeles County, California;

(ii) delivering the executed original HACOLA Secondary Financing Note and the Tertiary Financing Note to HACOLA; and

(iii) causing the HACOLA Secondary Financing Title Policy to be issued to HACOLA, in the form and the amount specified in Section 5.5.1.8.

5.7. Sales Prices; Developer Reimbursement. Prior to the sale of any Assisted Unit, it shall be the responsibility of the Developer to make all necessary arrangements, including financial, for an appraisal to determine the sales price for all Assisted Units, which appraisal shall be subject to the approval of HACOLA. Upon HACOLA's approval of the appraisal of an Assisted Unit, the sales price determined by such appraisal shall be the "**Sales Price**" for such Assisted Unit.

The Developer shall be permitted reimbursement from the proceeds from each Assisted Unit Escrow for costs incurred in the construction and development of the Project, including without limitation, planning, design, architectural, and engineering costs, permits, fees, and financing costs, and those items shown below, provided, however that such amounts shall not be payable with respect to any Assisted Unit Close of Escrow unless and until HACOLA has been paid in full on the attributable portion of the Land Acquisition Loan for such Assisted Unit. The dollar

amounts shown below represent the maximum reimbursement amount that may be paid from the proceeds of each Assisted Unit Escrow to the Developer or his designee for each item.

a) Sales commissions:	$26,213
b) Marketing costs and Model	$19,911
c) Home Owner's warranties	$ 1,200

5.8. Related Sales and Fees Prohibited. Developer shall not knowingly sell any Unit to a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, member, director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer. Developer shall not accept any payment of money or other consideration of any kind (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

5.9. Maintenance of Project Pending Final Sale. Beginning upon the Completion of the Project and continuing for so long as Developer owns any of the Units, Developer shall, as to portions of the Project that it owns, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved Plans for the Project and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

5.10. First Mortgage Loans. The Developer shall work with one or more conventional lenders approved by HACOLA for the transaction contemplated by this Agreement (each a "**Participating Lender**" and collectively, the "**Participating Lenders**") to ensure that a fixed rate permanent mortgage loan is made available to each Qualified Buyer at the lowest commercially available interest rate and on the most favorable terms. No temporary buy-down of the interest rate on such permanent mortgage loans shall be permitted.

Prior to the deadline specified therefore on the Schedule of Performance, the Developer agrees to deliver to HACOLA, for HACOLA's approval, one or more written commitments (each a "**Permanent Financing Interest Letter**" and collectively, the "**Permanent Financing Interest Letters**"), subject to such standard and reasonable conditions as are customarily imposed on such commitments by institutional lenders, from one or more Qualified Financial Institutions (each a "**Permanent Lender**" and collectively, the "**Permanent Lenders**"), by which such Permanent Lenders agree to make first trust deed loans to Qualified Buyers of Assisted Units in the Project to be secured by the Qualified Buyers' fee interests in their respective Assisted Units (each a "**Permanent Loan**" and collectively the "**Permanent Loans**"). Each Permanent Loan shall be consistent with this Agreement, but otherwise may be subject to the Permanent Lender's usual and customary terms and conditions. The Developer covenants and agrees to take all actions, and to pay all sums required to keep the Permanent Financing Interest Letters in full force and effect and shall comply with all

conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith.

The approval or disapproval of any Permanent Lender shall not constitute a waiver of any breach or violation of this Agreement by the Developer that is a result of acts that are or purport to be in compliance with or in furtherance of the Permanent Loans.

6. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

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

6.1. Form of Non-discrimination and Non-segregation Clauses.

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

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

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

7. DEVELOPER'S CONSTRUCTION AND OTHER COVENANTS

7.1. Indemnification

From and after the date hereof, Developer agrees to and does hereby indemnify, defend and save harmless HACOLA, CDC and the County and the HACOLA/CDC/County Representatives from and against any and all suits, claims, demands, costs, expenses, damages, awards, liens, judgments, attorney's fees or other losses and liabilities (collectively, "**Losses and Liabilities**"), which Losses and Liabilities arise directly or indirectly from or in connection with Developer's activities on the Site or in connection with the Project, including, but not limited to Losses and Liabilities respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Losses and Liabilities (i) are based on events which occur or are claimed to have occurred during Developer's inspection or ownership of the Site or ownership of the Project, (ii) result directly or indirectly from Developer's inspection or ownership or sale of the Site or any portion thereof or ownership or sale of the Project or any portion thereof, or (iii) result directly or indirectly from HACOLA entering into this Agreement or making the HACOLA Secondary Financing Loans. This covenant shall survive the termination of this Agreement and the sale of all of the Units in the Project.

7.2. Audit by State and Federal Agencies

Developer agrees that in the event this Agreement or the Land Acquisition Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and HACOLA, the full amount of the liability to the funding agency resulting from such inspections.

7.3. Program Evaluation and Review

Developer shall allow HACOLA authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff and program participants, as reasonably required by HACOLA until the termination of this Agreement.

7.4. Hazardous Materials.

The Developer covenants that it shall use and maintain the Site in compliance with all Governmental Restrictions applicable to Hazardous Materials, as hereinafter defined, including specifically but without limitation all recommendations required by the "Phase I" and "Phase II" environmental assessments (provided by HACOLA to Developer without warranty or representation). Developer further represents, warrants and covenants that it has not and shall not deposit or permit the deposit of Hazardous Materials in, on, under or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on, under or upon the Site or the Project as of the date hereof or which are deposited in, on, under or upon the Site or the Project from and after the date hereof and during Developer's inspection or ownership of the Site or ownership of the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable Governmental Restrictions. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Site or the Project so long as they are materials which are customary and common to the normal course of business in the construction of well-designed housing and so long as such materials are used, stored and disposed of in accordance with all applicable Governmental Restrictions. Developer agrees to indemnify, defend and hold HACOLA,CDC and County and HACOLA/County Representatives harmless from and against any Losses and Liabilities arising directly or indirectly out of the presence of Hazardous Materials in, on, under or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date hereof and during Developer's ownership or inspection of the Site or ownership of the Project, including without limitation any Losses and Liabilities arising out of any deposits of Hazardous Materials as described hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges HACOLA and County and HACOLA/County Representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all Losses and Liabilities arising out of or in any way connected with Developer's ownership of the Site or Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer acknowledges that it is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

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Developer's Initials

For purposes of this Agreement, the term "**Hazardous Materials**" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials,

asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

7.5. Construction Loan Defaults

Developer shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Construction Financing. Developer shall provide to HACOLA a copy of any notice of default within three (3) business days after receiving any notice of a default or alleged default of such covenants by Developer, and Developer shall promptly cure any such default and cooperate in permitting HACOLA, to the extent HACOLA in its sole discretion elects to do so, to cure or assist in curing the default (as is otherwise described in Section 4.13 above). Any cost or expenditure incurred by HACOLA in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the Land Acquisition Loan.

8. INDEPENDENT CONTRACTOR

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

9. ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of HACOLA, which consent may be withheld by HACOLA in its sole and absolute discretion. Notwithstanding anything herein to the contrary, no purported assignment of this Agreement or the Land Acquisition Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. HACOLA's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by HACOLA including, without limitation, any and all documents deemed necessary by HACOLA to provide for said assignee's assumption of all of the obligations of Developer hereunder and under the Land Acquisition Promissory Note , the Land Acquisition Deed of Trust, and all other documents executed in connection therewith, and (ii) HACOLA's approval of the financial and credit-worthiness of such proposed assignee and the assignee's ability to perform all of Developer's obligations under this Agreement and all documents executed in connection herewith.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of HACOLA as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of HACOLA, HACOLA may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

10. EVENTS OF DEFAULT AND REMEDIES

10.1. Developer Events of Default

The occurrence of any of the following shall, after the giving of any notice described therein, (to the extent required) constitute an event of default by Developer hereunder (**"Event of Default"**):

(a) The failure of Developer to pay or perform any monetary covenant or obligation hereunder or under the terms of the Land Acquisition Promissory Note or the Land Acquisition Deed of Trust;

(b) The failure of Developer to perform any non-monetary covenant or obligation hereunder or under the Land Acquisition Note or the Land Acquisition Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from HACOLA (or from any party authorized by HACOLA to deliver such notice as identified by HACOLA in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 10.1;

(c) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement;

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

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

(f) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(g) Developer shall suffer or attempt to effect an assignment of this Agreement or a Transfer in violation of Section 9 above or Section 27 below; or

(h) Developer shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

10.2. Remedies

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

(1) By notice to Developer, except in the case of a default by Developer under Section 10.1(a) or (c) through (h) in which event no notice shall be required, declare the entire then unpaid principal balance of the Land Acquisition Note immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of

which are expressly waived by Developer. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Land Acquisition Note or the Land Acquisition Deed of Trust shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 1.3 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of HACOLA, to collect the amounts then due and thereafter to become due hereunder and under the Land Acquisition Promissory Note , to exercise its rights under the Land Acquisition Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 1.3 above, upon the occurrence of an Event of Default which is occasioned by Developer's failure to pay money, whether under this Agreement or under the Land Acquisition Promissory Note , HACOLA may, but shall not be obligated to, make such payment. If such payment is made by HACOLA, Developer shall deposit with HACOLA, upon written demand therefor, such sum plus interest at the Default Rate, as set forth in the Land Acquisition Promissory Note . In either case, the Event of Default with respect to which any such payment has been made by HACOLA shall not be deemed cured until such repayment (as the case may be) has been made by Developer. Until repaid, such amounts shall be secured by the Land Acquisition Deed of Trust;

(4) Subject to the nonrecourse provisions of Section 1.3 above, upon the occurrence of an Event of Default described in Section 10.1 (d) or (e) hereof, HACOLA shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Land Acquisition Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of HACOLA and its counsel to protect the interests of HACOLA and to collect and receive any monies or other property in satisfaction of its claim;

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Developer of the construction of the Project, the Developer, at the demand of HACOLA, shall make the following payments to HACOLA which shall be deemed to fully discharge the Land Acquisition Promissory Note: (i) any sums disbursed to Developer under the Land Acquisition Loan; (ii) all interest accruing on (A) the Land Acquisition Promissory Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under the Land Acquisition Promissory Note ; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to HACOLA, including, without limitation, lost opportunity costs, any difference between the Land Acquisition Loan and any sum required to be expended by HACOLA and/or HACOLA in connection with the development of the Site by another developer and other like costs; and

(6) Pursue any and all other remedies available to HACOLA at law or in equity.

10.3. No Remedy Exclusive

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

10.4. HACOLA Default and Developer Remedies

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

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

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

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

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

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Developer's Initials

11. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

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

12. RIGHT OF ACCESS AND INSPECTION

HACOLA, CDC and the County shall have the right at any time during normal business hours to enter upon the Site for purposes of inspection. If HACOLA in its reasonable discretion determines that any work or materials, actions or expenditures are not in conformity with this Agreement or any applicable Governmental Restrictions, HACOLA shall give the Developer notice of this nonconformity and consult with the Developer regarding cure of the matter. HACOLA may then, at its election and without any obligation to do so, itself cure the matter if the Developer has not done so as soon as reasonably practicable, but, in any event, within thirty (30) days after HACOLA's notice to the Developer. Such cure by HACOLA may include, without limitation, stopping the work and ordering replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been used in the construction of any portion of the Project. Developer shall reimburse HACOLA, upon demand from HACOLA, for the costs of any such cure performed by HACOLA. Inspection by HACOLA or the County of the Project or the Site or any construction thereof is for the sole purpose of protecting HACOLA and is not to be construed as an acknowledgment, acceptance or representation by HACOLA or the County that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or any Governmental Restrictions, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

13. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

No County/CDC/HACOLA Representative shall have any personal interest, direct or indirect, in this Agreement, nor shall any County/CDC/HACOLA Representative participate in any decision relating to this Agreement which affects such County/CDC/HACOLA Representative's pecuniary interest in any corporation, partnership or association in which County/CDC/HACOLA Representative is directly or indirectly interested. No County/CDC/HACOLA Representative shall

be personally liable in the event of a breach of this Agreement by HACOLA.

14. AMENDMENTS, CHANGES AND MODIFICATIONS

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

15. EXECUTION OF COUNTERPARTS

This Agreement with exhibits constitutes the entire understanding and agreement of the parties and may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16. NOTICES

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

If to HACOLA: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

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

If to Developer: Maple Glen LLC
148 W. Orange St.
Covina CA 91723
Attention: John Abell

With copies to: _____
_____
_____
_____

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

sent pursuant to this Agreement.

17. SEVERABILITY

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

18. INTERPRETATION

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting.

19. NO WAIVER; CONSENTS

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

20. GOVERNING LAW

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

21. COMPLIANCE WITH LAWS

Developer shall comply with all applicable Governmental Restrictions. As used herein, "**Governmental Restrictions**" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; local fair housing laws; prevailing wage laws (e.g. California Labor Code Section 1720 et seq., Davis-Bacon Act (40 U.S.C. 276a), and any other applicable federal, state, and local law. If applicable, Developer shall comply with the environmental mitigation measures specified in the "Environmental Special Conditions", attached hereto as Exhibit "O". Developer shall indemnify, defend and hold HACOLA, CDC and County harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Developer's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely

on statements by HACOLA.

22. HACOLA REQUIREMENTS

Developer shall comply with the provisions set forth in Exhibit "P" to this Agreement.

23. ACCESS AND RETENTION OF RECORDS

Developer shall provide access to HACOLA, any Federal agency providing funds to be used for the Project, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Developer which are directly pertinent to the construction of the Project and this Agreement for the purpose of making audits, examinations, excerpts and transcriptions,. Developer is required to retain the aforementioned records for a period of five (5) years after the end of the Term of this Agreement. In addition to the books and records described above, upon seventy-two (72) hours written notice, at any reasonable time during such time as this Agreement is in effect, Developer shall prepare and submit to HACOLA, all additional reports (other than the progress reports required to be prepared under Section 4.6 above) reasonably required by HACOLA or its representatives which in the reasonable judgment of HACOLA and its representatives may be relevant to a question of compliance with this Agreement or the Land Acquisition Deed of Trust. Developer shall also retain all such reports, records and data relating to the Project for the five-year period described above. In the event any litigation, claims or audit is started during the period when this Agreement is in effect, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved

24 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby warrants and represents to HACOLA that:

24.1 Organization and Standing

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Land Acquisition Promissory Note , the Land Acquisition Deed of Trust and all other documents executed in connection herewith.

24.2 Enforceability

This Agreement, the Land Acquisition Promissory Note , the Land Acquisition Deed of Trust, and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

24.3 Authorization and Consents

The execution, delivery and performance of this Agreement and all other instruments to be

executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

24.4 Due and Valid Execution

This Agreement, the Land Acquisition Promissory Note , the Land Acquisition Deed of Trust, and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

24.5 Licenses

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop and sell the Units.

24.6 Litigation and Compliance

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any applicable Governmental Restrictions which could materially impair Developer's ability to perform its obligations under this Agreement.

24.7 Default

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 10 above.

24.8 No Violations

The execution and delivery of this Agreement, the Land Acquisition Promissory Note , the Land Acquisition Deed of Trust, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

25 APPROVALS

With respect to those matters set forth hereinabove providing for HACOLA's approval, consent or determination, such approval, consent or determination may be given or withheld at HACOLA's sole and absolute discretion, unless otherwise expressly stated in this Agreement.

Any review or approval of any matter by HACOLA or any HACOLA official or employee under this Agreement shall be solely for the benefit of HACOLA, and neither Developer nor any

other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not HACOLA shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the Plans, and the safety of the Project construction sites, the completed Project, and the operation thereof.

26 GOOD FAITH AND FAIR DEALING; TIME OF ESSENCE

HACOLA and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing. Time is of the essence with respect to the rights and obligations of the Parties under this Agreement.

27 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT

Without the prior written approval of HACOLA, which approval HACOLA may withhold in its sole and absolute discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (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 this Agreement, as further described in Section 9 above. Developer hereby agrees that any purported Transfer not approved by HACOLA as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

At any time Developer desires to effect a Transfer hereunder, Developer shall notify HACOLA in writing (the "**Transfer Notice**") and, except with respect to a sale of a Unit in the Project in the ordinary course of Developer's business and in full compliance with this Agreement, shall submit to HACOLA for its prior written approval (i) all proposed agreements and documents (collectively, the "**Transfer Documents**") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to HACOLA sufficient to establish and insure that all requirements of this Section 27 have been and will be met. No Transfer Documents shall be approved by HACOLA unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations hereunder. The Transfer Notice shall include a request that HACOLA consent to the proposed Transfer. HACOLA agrees to make its decision on Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after HACOLA receives the last of the items required by this Section 27. In the event HACOLA consents to a proposed Transfer, then such Transfer shall not be effective unless and until HACOLA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to HACOLA. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations hereunder only if the written HACOLA consent expressly provides such a release. Except as expressly provided herein to the contrary, all Developer obligations hereunder shall run with the land and be binding on successors and assigns.

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

The provisions of this Section 27 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

The prohibitions against Transfer contained in this Section 27 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of this Agreement. The prohibitions against Transfer contained in this Section 27 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with this Agreement.

In the absence of specific written agreement by HACOLA, no Transfer otherwise approved by HACOLA shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. If the Developer violates any provision of this Section 27, HACOLA may terminate this Agreement immediately upon written notice to Developer.

[signature page follows]

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

HACOLA:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By:_____
Carlos Jackson
Its: Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By:_____
Deputy

DEVELOPER:

Maple Glen LLC,
a California limited liability company

By: _____

Its:_____

TABLE OF EXHIBITS

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EXHIBIT "P"	HACOLA REQUIREMENTS

EXHIBIT "A"

DIRECTORY OF DEFINED TERMS

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

Additional Assistance Repayment Amount (Section 1.2)
Affordable Buyer Contribution (Section 5.3)
Affordable Housing Cost (Section 5.3)
Area Median Income (Section 5.1)
Assisted Unit (Recital B)
Assisted Unit Buyer Agreement (Section 5.4)
Assisted Unit Close of Escrow (Section 5.6)
Assisted Unit Closing Conditions (Section 5.5)
Assisted Unit Escrow (Section 5.4)
Assisted Unit Grant Deed (Section 5.5.1.4)
Assisted Unit Repayment Amount (Section 1.2)
Basic Concept Drawings (Section 4.2)
Certificate of Completion (Section 4.14)
Certificate of Occupancy (Section 4.14)
City (Section 4.4)
Close of Escrow (Section 3.2)
Closing Conditions (Section 3.1)
Completion of Project (Section 4.14)
Construction Budget (Section 3.1.3.2)
Construction Commitment (Section 3.1.3.1)
Construction Contract (Section 3.1.3.2)
Construction Lender (Section 4.12.3)
County (Section 4.4)
Developer (Opening Paragraph)
Developer's Title Policy (Section 3.1.1.1)
Development Cost (Section 3.1.3.2)
Disapproval Notice (Section 3.1.3.3)
Escrow (Section 2)
Escrow Holder (Section 2)
Event of Default (Section 10.1)
General Contractor (Section 3.1.3.2)
Governmental Restrictions (Section 21)
HACOLA (Opening Paragraph)
HACOLA Assistance Amount (Section 5.3)
HACOLA/County Representatives (Section 4.7)
HACOLA Secondary Financing Deed of Trust (Section 5.3)
HACOLA Secondary Financing Loan (Section 5.3)

HACOLA Secondary Financing Loan Amount (Section 5.3)
HACOLA Secondary Financing Note (Section 5.3)
HACOLA Secondary Financing Title Policy (Section 5.5.1.8)
HACOLA Title Policy (Section 3.1.1.2)
Hazardous Materials (Section 7.4)
Land Acquisition Deed of Trust (Section 1.1)
Land Acquisition Grant Deed (Section 3.1.4.2)
Land Acquisition Loan (Section 1.1)
Land Acquisition Promissory Note (Section 1.1)
Loan Information (Section 5.4)
Losses and Liabilities (Section 7.1)
Low Income Households (Section 5.1)
Non-Assisted Unit (Section 5.1)
Notice of Disapproval (Section 4.4)
Partial Reconveyance (Section 5.5.1.15)
Participating Lender (Section 5.10)
Party (Opening Paragraph)
Permanent Financing Interest Letter (Section 5.10)
Permanent Lender (Section 5.10)
Permanent Loan (Section 5.10)
Permitted Senior Encumbrances (Section 3.1.1.2)
Plans (Section 4.3)
Project (Section 4.1)
Proposed Purchaser (Section 5.4)
Purchase Price (Section 1.1)
Qualified Buyer (Section 5.1)
Qualified Financial Institution (Section 3.1.3.1)
Reservation Request (Section 5.4)
Sales Price (Section 5.7)
Schedule of Performance (Section 2)
Senior Construction Financing (Recital D)
Senior Construction Lender (Section 3.1.3.1)
Site (Recital A)
Submissions (Section 3.1.3.3)
Term (Section 5.1)
Tertiary Financing Amount (Section 5.3)
Tertiary Financing Deed of Trust (Section 5.3)
Tertiary Financing Note (Section 5.3)
Title Company (Section 3.1.1.1)
Transaction Documents (Section 3.1.4.5)
Transfer (Section 27)
Transfer Documents (Section 27)
Transfer Notice (Section 27)
Unit (Section 4.1)
Unpermitted Lien (Section 4.11)

EXHIBIT "B"

SITE LEGAL DESCRIPTION

(LEGAL DESCRIPTION)

PARCEL 1:

LOT 50 OF TRACT NO. 10451, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 155 PAGES 44 AND 45 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM, ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, AND OTHER HYDROCARBON SUBSTANCES BY WHATEVER NAME KNOWN, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS EXCEPTED OR RESERVED IN INSTRUMENTS OF RECORD.

PARCEL 2:

LOT 1 IN BLOCK A IN TRACT NO. 11406, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 216 PAGES 17 AND 18 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM, ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, AND OTHER HYDROCARBON SUBSTANCES BY WHATEVER NAME KNOWN, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS EXCEPTED OR RESERVED IN INSTRUMENTS OF RECORD.

ORDER NO. 7003689-23

(LEGAL DESCRIPTION)

TENTATIVE TRACT NO. 53953, BEING A SUBDIVISION OF:

LOTS 63, 64, 65, 66 AND 83, OF TRACT NO. 10451, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 155 PAGES 44 AND 45 OF MAPS, LOS ANGELES COUNTY RECORDS.

EXCEPT THEREFROM, ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, AND OTHER HYDROCARBON SUBSTANCES BY WHATEVER NAME KNOWN, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS EXCEPTED OR RESERVED IN INSTRUMENTS UNITED MORTGAGE COMPANY, FORMERLY COMMONWEALTH HOME BUILDERS, IN DEEDS RECORDED APRIL 5, 1948, AS INSTRUMENT NOS. 7370, 7372 AND 7374.

EXHIBIT "C"

PROJECT DESCRIPTION

PROJECT DESCRIPTION

The MAPLE GLEN Development which consists of 31 single family homes is located in Los Angeles County just east of the City of Santa Fe Springs and south of the City of Whittier (*Thomas Page 707-C7*). The project consists of two separate locations approximately ¼ mile apart, 13832 Utica and 12127 & 12112 Ramsey Drive Whittier, CA 90605. Tentative Tract Map No. 53953 consisting of 22 homes and is located on Utica has been approved and improvement plans are currently being processed. Tentative Tract Map 54244 consisting of 9 homes is located on Ramsey Drive has been submitted for tentative map approval and is being processed.

The development site was located and purchase price was negotiated by Abell Helou Homes. Terms for the purchase were established and escrow was opened. During the escrow period, Abell Helou Homes completed the due diligence which included the following: initial tract design and concept drawings, Phase I – environmental assessment, geotechnical studies– soils review, location of easements, title analysis and a one-stop meeting with the Los Angeles County Department of Regional Planning, which included input from the Departments of Public Works, Fire, Park & Recreation, Health & Safety and Sanitation. Based on an agreement between the Community Development Commission of the County of Los Angeles (CDC) and Abell Helou Homes, escrow was assigned and the site will subsequently acquire by CDC. Prior to the start of construction and through an approved Disposition Development Agreement (DDA), the property will be transferred to Abell Helou Homes. As a condition of the DDA, a portion of the development will be made available to affordable homebuyers who meet the affordable guidelines as established in the DDA.

The Utica site was previously owned with three structures on site and is 2.64 acres in size. The topography is relatively flat but slopes from north to south on the east end. The current zoning is A-1-6,000 and all structures were demolished by Abell Helou Homes. As part of the design, Abell Helou Homes worked closely with adjacent neighbors and community groups to address any concerns of the new development and has held three community meetings with local groups. Many of the recommendations of the neighbors were incorporated into the design of the development. This site will comprise of 8 fee simple lots and 14 detached condominium homes, common areas include private road and block walls.

The Ramsey Drive site is .86 net acres and was vacant and undeveloped at the time of purchase. Because it is located near a major thoroughfare, an eight-foot high decorative buffer wall will be proposed along Leffingwell and Meyer Road. This property will be subdivided to form 9 fee simple lots with single-family detached homes. The existing cul-de-sac will be reconstructed and brought to County Standards. All utilities will be undergrounded and new decorative perimeter concrete block walls will be built. All engineering and design will be completed by Abell Helou Homes and John Abell Inc.

The homes are 4 bedroom with 2 ½ bathrooms and an attached two car garage. The homes will range in size from approximately 1,550 to 1,850 square feet. The proposed unit mix is as follows:

Plan	Size	Quantity		Plan	Size	Quantity
204	1,558	6		1552	1,552	3
401	1,837	4		1701	1,701	15
501	1,746	3				

The design concept of detached single-family Spanish Colonial, French County and Craftsman Style community was chosen to address issues of compatibility with the surrounding neighborhood, design trends, traffic, parking, urban clutter, privacy, landscaping, energy efficiency and perimeter elevations. The two-story designs were chosen because the mixture allows the modulation of building mass along the street to keep away from creating a narrow appearance. All the homes have front yard landscaping and at least one street tree per lot, providing an attractive

streetscape for the neighborhood. Exterior elevations include use of masonry, decorative posts, porches, wood trim on windows and corbelled build-outs. Custom siding and trim, varied window grids, planter boxes, gables hips, fascia and open tails at roof edges add to the attractiveness. Homes will have concrete tile and/or S-type roofs. Attached garages with direct access to the homes, provides an important security feature. New street lights provide additional security and under grounding all utility lines eliminates some of the existing neighborhood clutter. Perimeter decorative masonry walls and a generous amount of landscape provide for an attractive streetscape.

This development is compatible with the County's objective of creating new affordable homeownership opportunities. The proposed development will help fill the need for affordable homes in the area and provide new opportunities to future homebuyers.

TENTATIVE SCHEDULE UTICA:

September 2005	Start grading
January 2006	Complete all off-site improvements (street, sewer, storm drain, water, underground utilities, curb & gutter, etc...)
December 2005	Start construction on homes
May 2006	Finish Construction

TENTATIVE SCHEDULE RAMSEY:

January 2006	Start grading
March 2005	Complete all off-site improvements (street, sewer, storm drain, water, underground utilities, curb & gutter, etc...)
April 2005	Start construction on homes
August 2006	Finish Construction

Site Improvements:

The off-site improvements will be approved by the Los Angeles County Department of Public works. The Plans will include all the following: Street light, grading, sewer, wall plan, street, all utilities and water. Work will include undergrounding new utility lines, ADA access approved by the County Department of Public Works, street trees and landscaping together with rehabilitation and repair of existing sidewalks, curbs and gutters. The Construction improvements include the following:

Construction Specification

Each dwelling will contain, type V wood-frame and stucco on concrete slab with composition roofing or equivalent; solid core exterior doors; aluminum sliding windows; drywall interior; prefabricated cabinets; carpeting for living rooms, dinning rooms, family rooms, bedrooms, and stairs; and resilient sheet vinyl flooring for kitchens, entries and bath, landscaping of front yards and construction of partition fencing between the homes.

Equipment Specifications

Each dwelling shall contain central forced air, gas heating and air conditioning; gas range(free standing, 4 burner, with oven); dish washer (efficiency/drying cycle); kitchen sink (double basin, self rimming, enamel cast iron) ; garbage disposal (1/2 h.p., General Electric); Bath Appliances: water closets (1 ½ gallon flush, Kohler / Elger or equal), lavatories (self rimming, vitreous china, (Kohler / Elger or equal) , Tubs (bath / shower modules, fiberglass), Showers (corner shower modules, Kohler/ Kimstock or equal), Medicine cabinets (recessed with mirrored doors), and water heaters (A.O smith, 50 gallons).

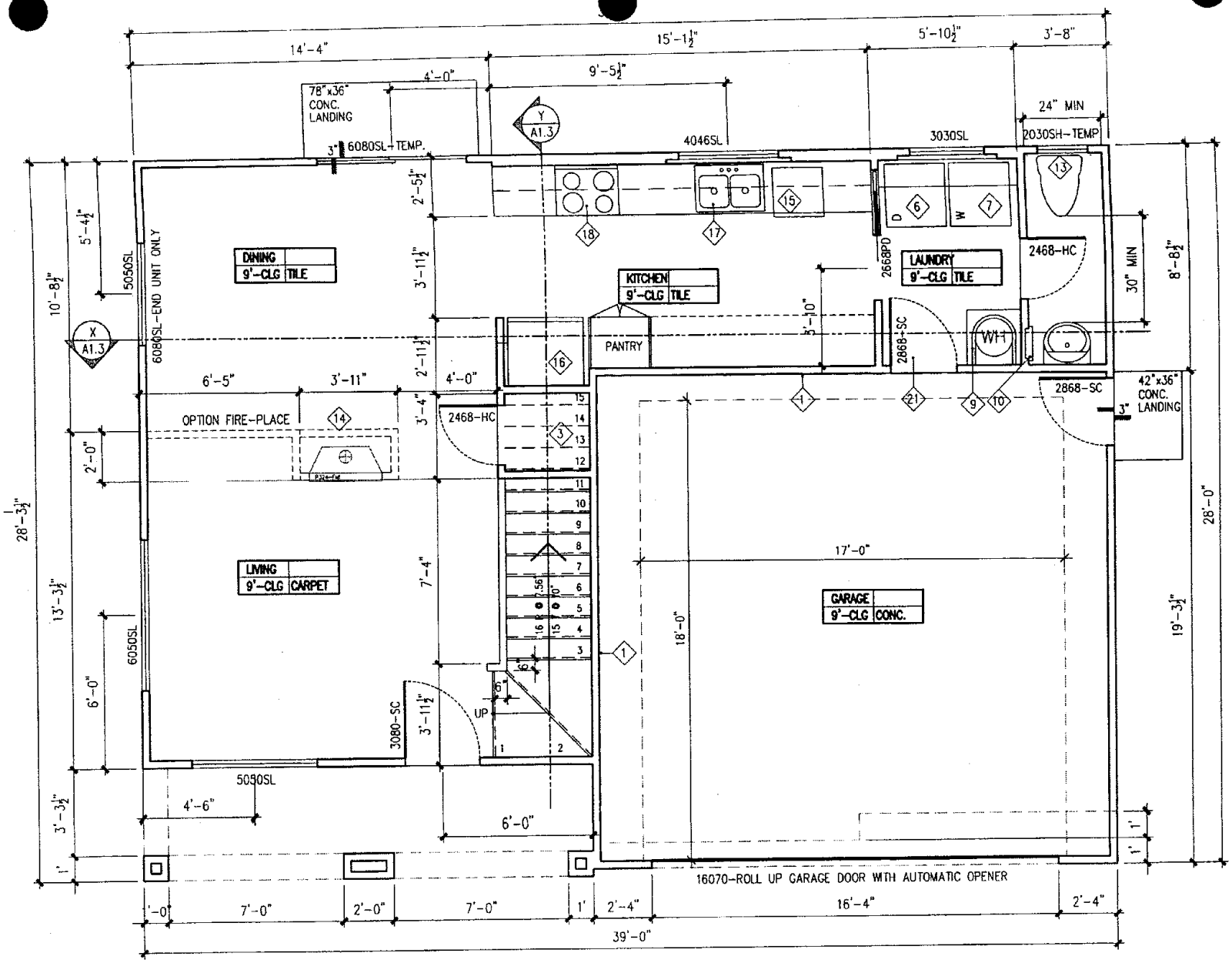
Landscaping

Front yard setbacks shall be fully landscaped and irrigated and include at least one specimen tree, incorporating drought tolerant species.

All Developer improvements shall be constructed in accordance with the latest edition of the Uniform Building Code, Uniform Plumbing Code, UMC, UEC, Zoning, Fire, and title 24 of the State Building Code and all applicable current local and state laws regulating the housing industry.

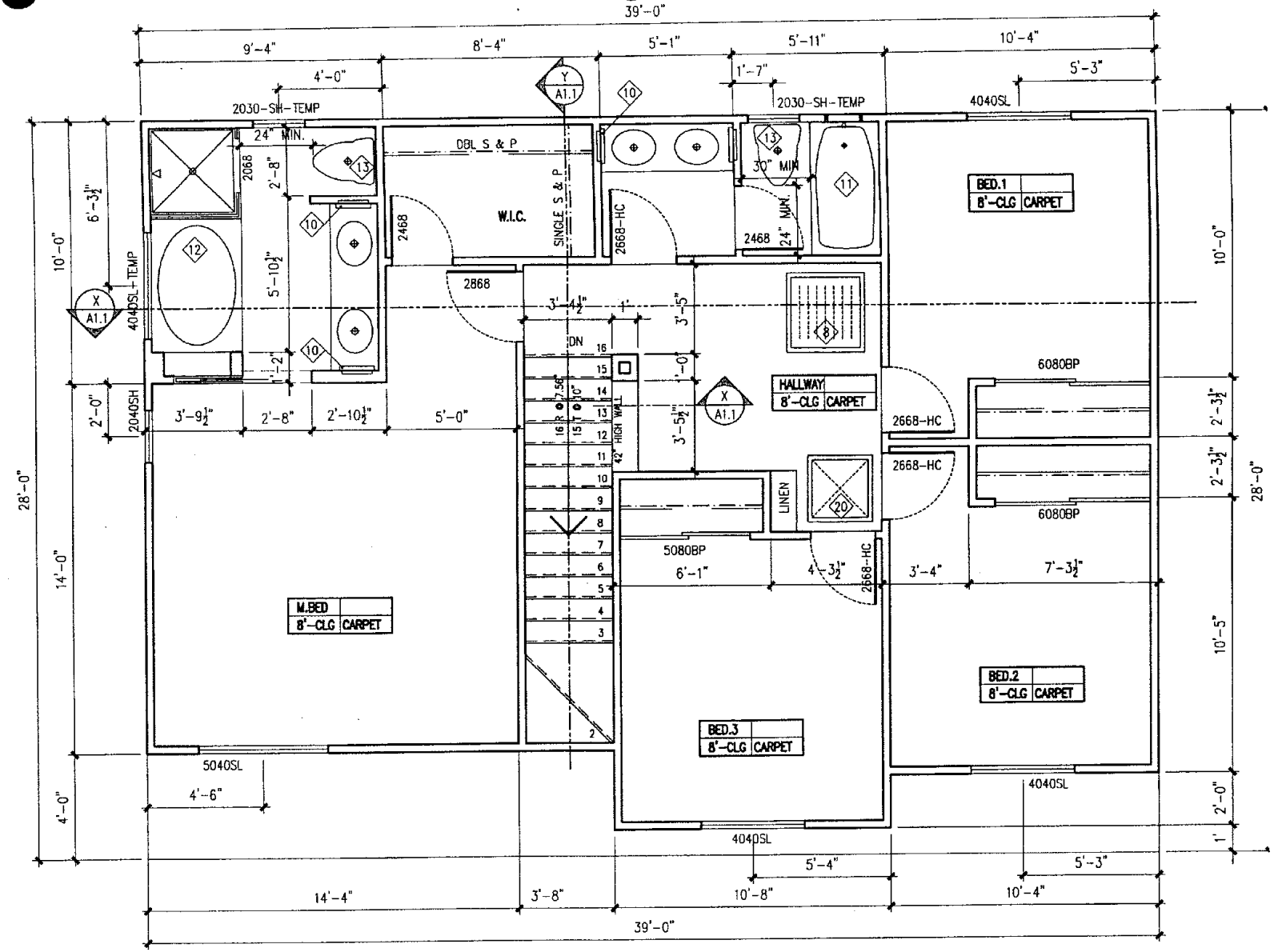
EXHIBIT "D"

SITE PLANS AND ELEVATIONS



204-FIRST FLOOR PLAN

NOT TO SCALE



204- SECOND FLOOR PLAN

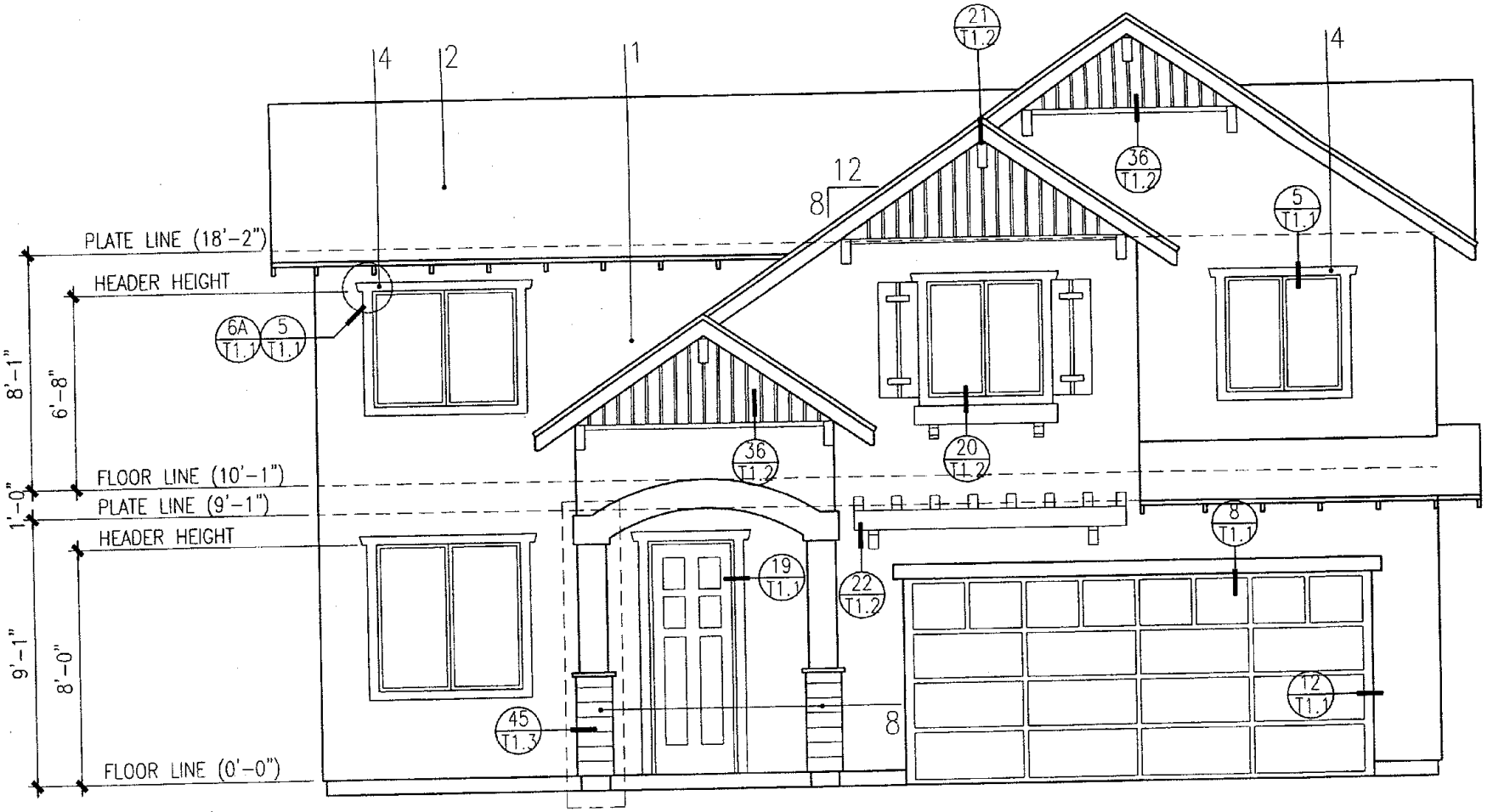
SCALE: 1/4"=1'-0"

204-A-FRONT ELEVATION

SCALE: NO SCALE

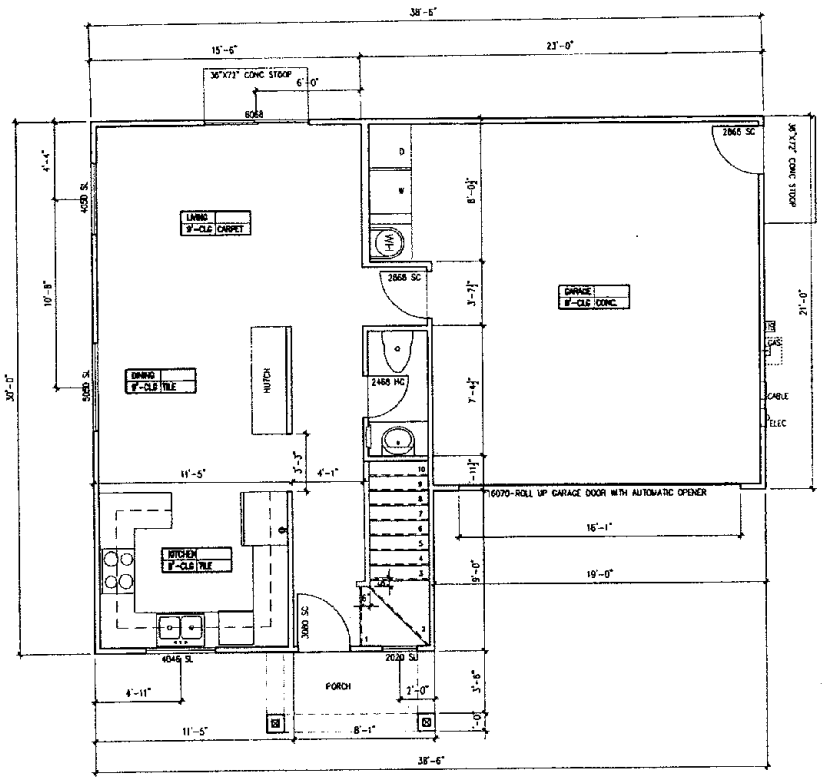
204-B-FRONT ELEVATION

SCALE: NO SCALE

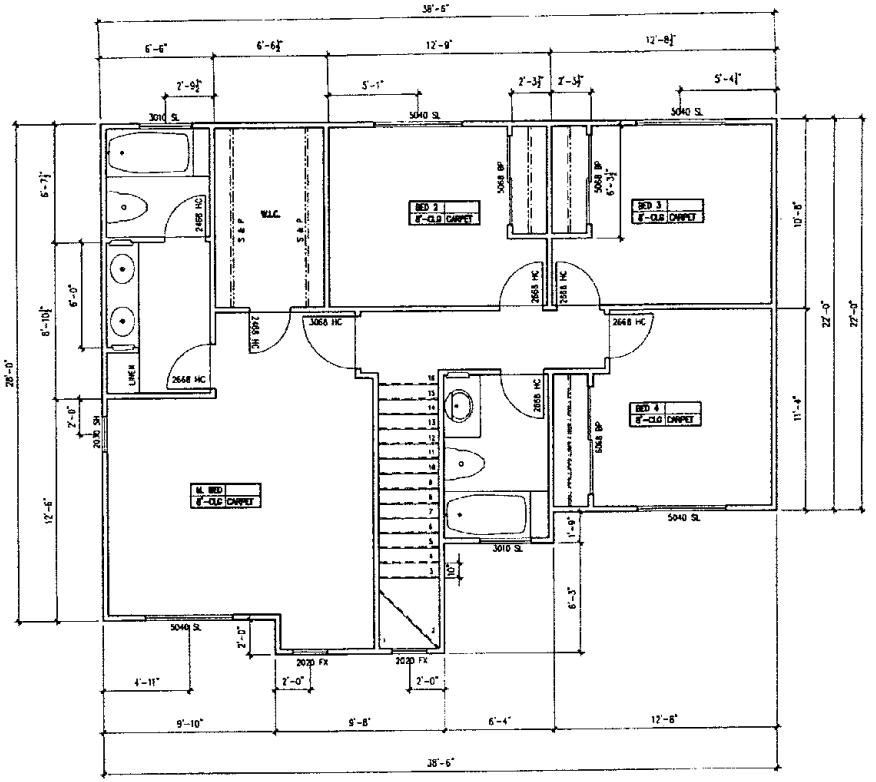


204-C-FRONT ELEVATION

SCALE: NO SCALE



FIRST FLOOR PLAN



SECOND FLOOR PLAN

1552

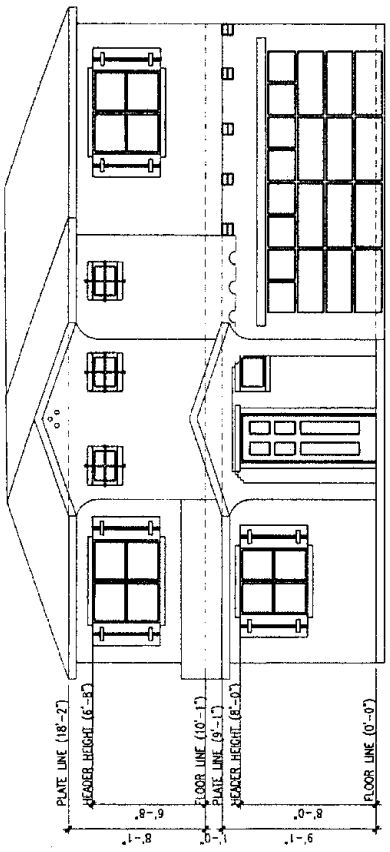


PLATE LINE (18'-2")
HEADER HEIGHT (6'-8")
FLOOR LINE (10'-1")
PLATE LINE (9'-1")
HEADER HEIGHT (8'-0")
FLOOR LINE (0'-0")

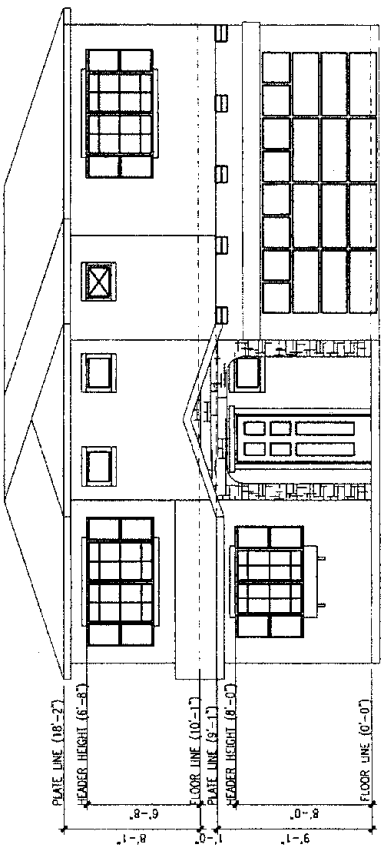
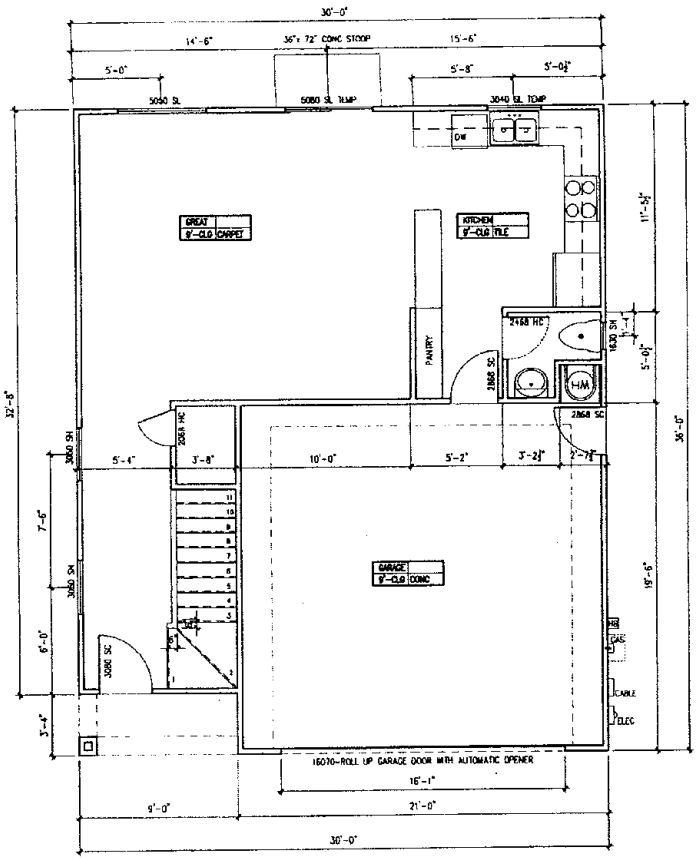
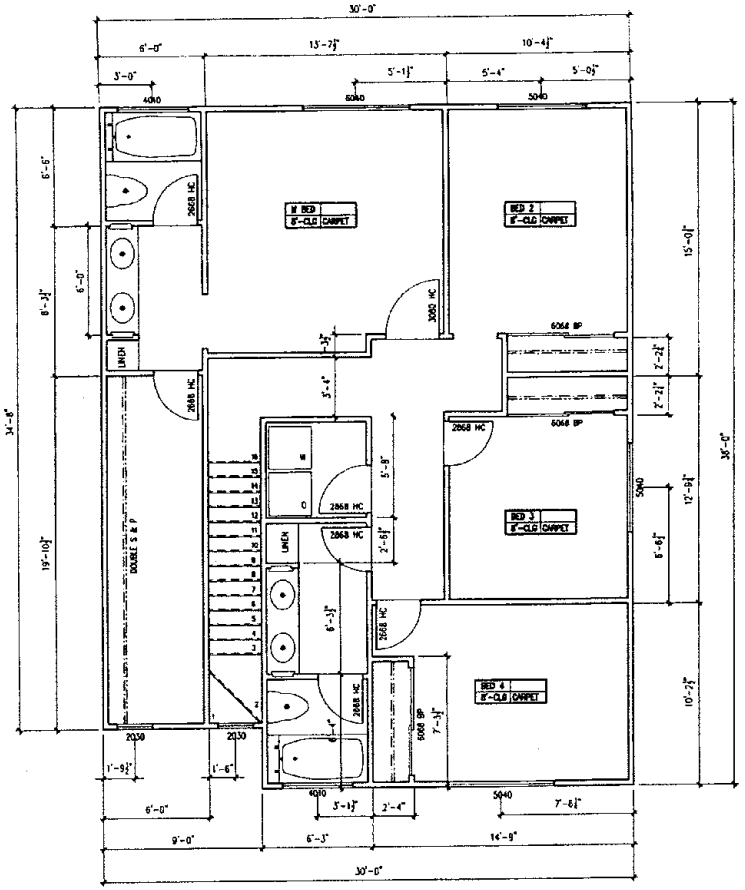


PLATE LINE (18'-2")
HEADER HEIGHT (6'-8")
FLOOR LINE (10'-1")
PLATE LINE (9'-1")
HEADER HEIGHT (8'-0")
FLOOR LINE (0'-0")



FIRST FLOOR PLAN



SECOND FLOOR PLAN

1701

-A

PLATE LINE (18'-2")
HEADER HEIGHT
8'-1"
6'-8"
FLOOR LINE (10'-1")
1'-0"
PLATE LINE (9'-1")
HEADER HEIGHT
9'-1"
8'-0"
FLOOR LINE (0'-0")

-B

PLATE LINE (18'-2")
HEADER HEIGHT
8'-1"
6'-8"
FLOOR LINE (10'-1")
1'-0"
PLATE LINE (9'-1")
HEADER HEIGHT
9'-1"
8'-0"
FLOOR LINE (0'-0")

-C

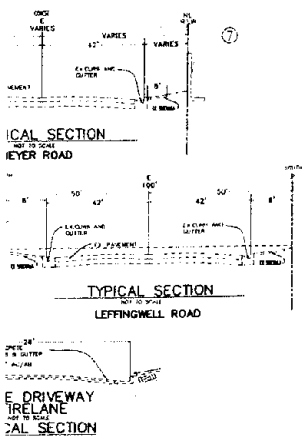
PLATE LINE (18'-2")
HEADER HEIGHT
8'-1"
6'-8"
FLOOR LINE (10'-1")
1'-0"
PLATE LINE (9'-1")
HEADER HEIGHT
9'-1"
8'-0"
FLOOR LINE (0'-0")

DATE: 05-25-05

MAJOR LAND DIVISION
VESTING TENTATIVE TRACT MAP NO. 54244

LOCATED IN THE UNINCORPORATED TERRITORY OF
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
9 LOTS
1.10 ACRES GROSS
0.86 ACRES NET

SCALE: 1"=20'



LEGAL DESCRIPTION

PARCEL 1:
LOT 50 OF TRACT NO. 10451, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 155 PAGES 44 AND 45 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2:
LOT 1 IN BLOCK A OF TRACT NO. 11408, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 216, PAGES 17 AND 18 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

NOTES

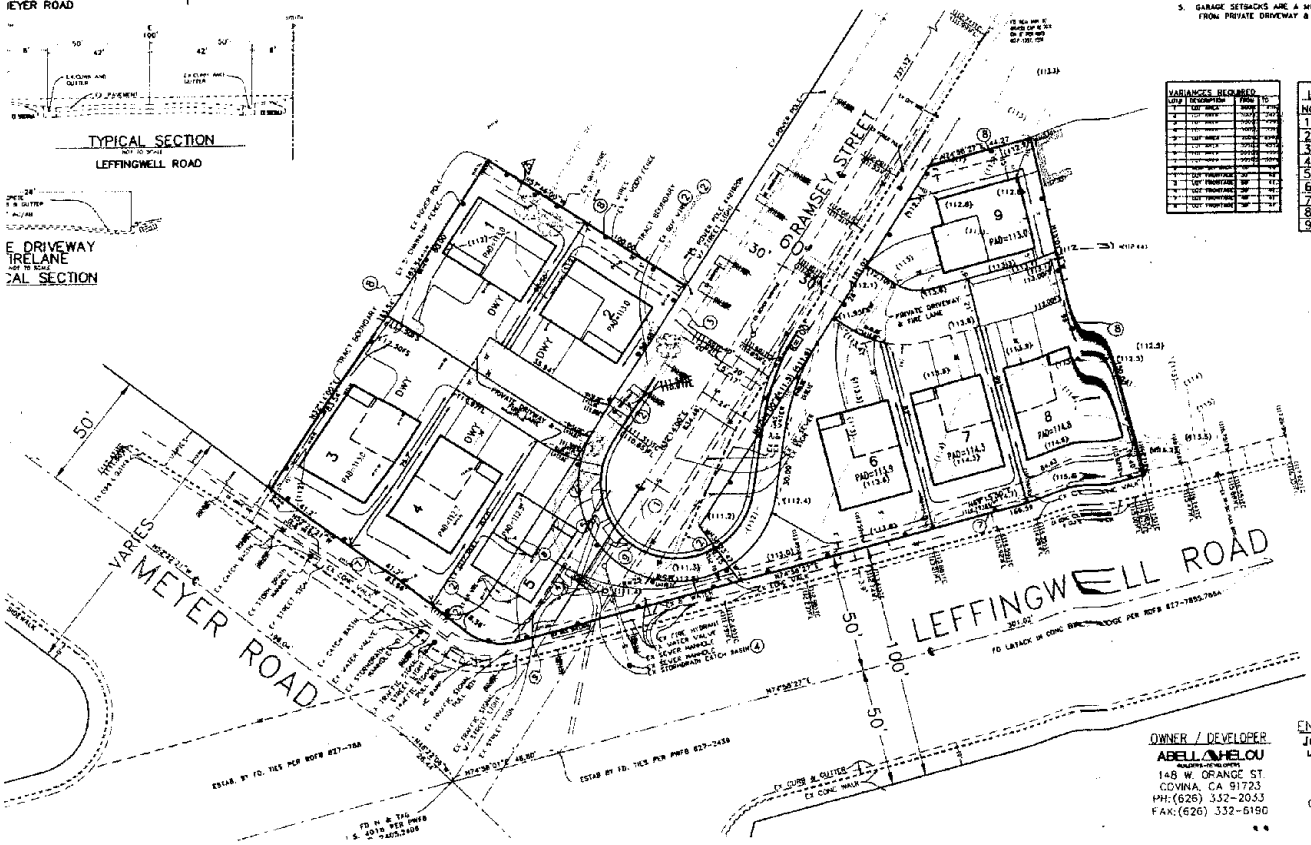
1. SUBJECT SITE IS VACANT.
2. THERE ARE NO EXISTING OAK TREES ON SUBJECT PROPERTY.
3. EXISTING AND PROPOSED ZONING IS A1-8000.
4. EACH UNIT HAS A 2 CAR GARAGE.
5. GARAGE SETBACKS ARE A MINIMUM OF 20' FROM PRIVATE DRIVEWAY & FIRELANE.

VARIANCES REQUIRED

LOT #	DESCRIPTION	FROM	TO
1	LOT AREA	[illegible]	[illegible]
2	LOT AREA	[illegible]	[illegible]
3	LOT AREA	[illegible]	[illegible]
4	LOT AREA	[illegible]	[illegible]
5	LOT AREA	[illegible]	[illegible]
6	LOT AREA	[illegible]	[illegible]
7	LOT AREA	[illegible]	[illegible]
8	LOT AREA	[illegible]	[illegible]
9	LOT FRONTAGE	[illegible]	[illegible]
1	LOT FRONTAGE	[illegible]	[illegible]
2	LOT FRONTAGE	[illegible]	[illegible]
3	LOT FRONTAGE	[illegible]	[illegible]
4	LOT FRONTAGE	[illegible]	[illegible]
5	LOT FRONTAGE	[illegible]	[illegible]
6	LOT FRONTAGE	[illegible]	[illegible]

LOT AREA

NO.	GROSS SQ. FT.	NET SQ. FT.
1	4567	3677
2	3172	3172
3	4269	3607
4	3315	3315
5	4383	4383
6	5197	5197
7	4532	3222
8	4058	4058
9	3376	3376

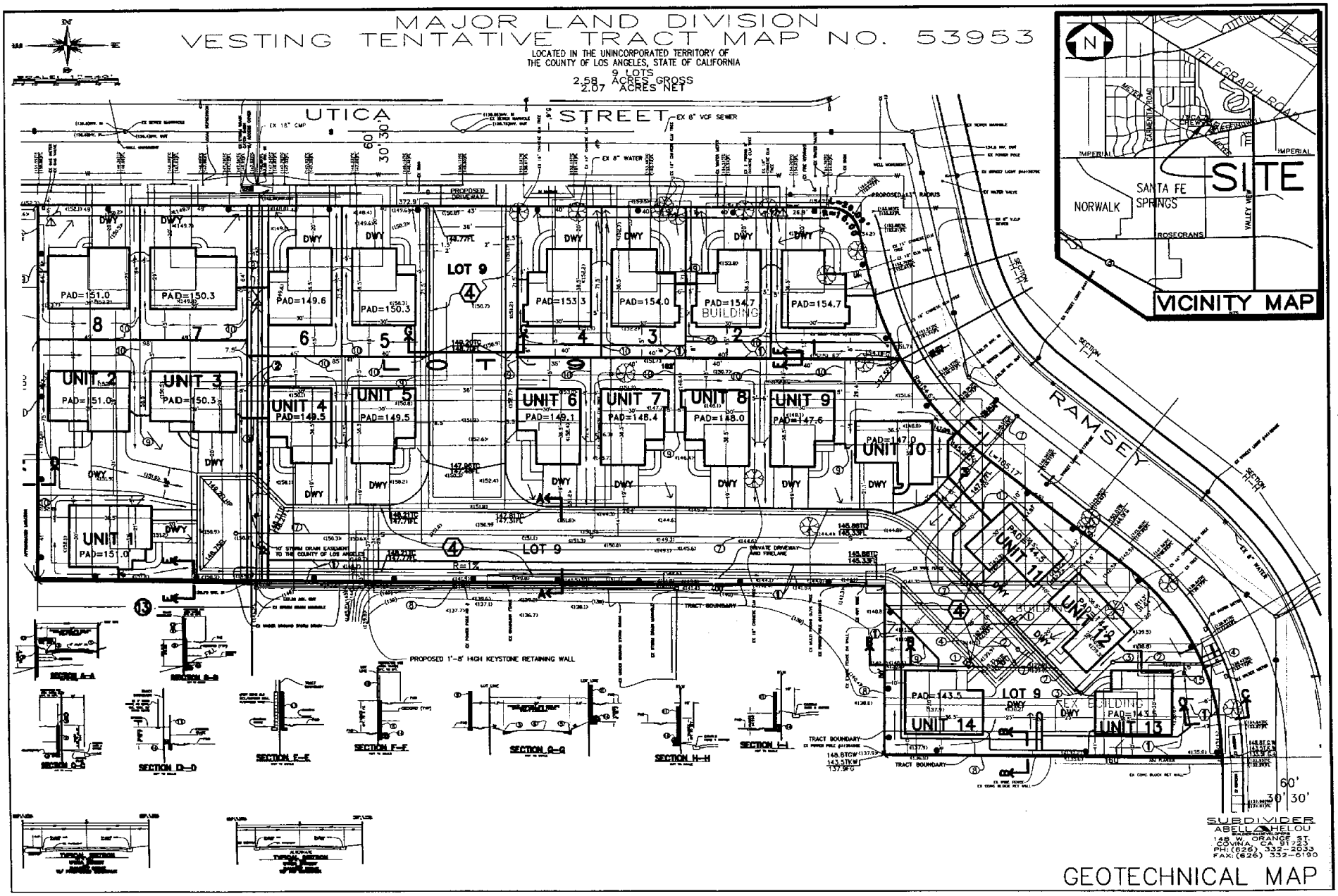


OWNER / DEVELOPER
ABELL & HELOU
148 W. ORANGE ST.
COVINA, CA 91723
PH:(626) 332-2033
FAX:(626) 332-6190

ENGINEER - SURVEYOR
JOHN B. ABELL INC.
LAND SURVEY & CIVIL ENGINEERING
140 W. ORANGE ST.
COVINA, CA 91723
PH:(626)915-7671
FAX:(626)915-4897
CATHERINE A. CONNEN
L.S. 5414 EXP. 9-30-06

MAJOR LAND DIVISION
VESTING TENTATIVE TRACT MAP NO. 53953

LOCATED IN THE UNINCORPORATED TERRITORY OF
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
9 LOTS
2.58 ACRES GROSS
2.07 ACRES NET



SUBDIVIDER
ABELL A. HELOU
148 W. ORANGE ST.
COVINA, CA 91723
PH: (626) 332-2033
FAX: (626) 332-6190

GEOTECHNICAL MAP

EXHIBIT "E"

FINANCING ASSUMPTIONS

PROJECT COST BREAKDOWN

BUDGET -CDC

06/16/05

PROJECT NAME: UTICA / RAMSEY

BORROWER: ABELL HELOU HOMES PREPARED BY: GFN

THIS COST BREAKDOWN HAS BEEN PREPARED FOR PHASE(S) #: ? OF ?

OF UNITS: 31 # OF SQ. FT. BUILT: 52,105

PLEASE ENTER 0'S WHERE NO COST WILL BE INCURRED.
IF A COST IS INCLUDED IN ANOTHER CATEGORY, PLEASE INDICATE IN WHICH CATEGORY YOU HAVE LISTED THE COST.

LINE #	*COST CATEGORY*	*TOTAL COST*	*METHOD OF CALCULATION*	*AMOUNT PAID TO DATE*	*CONSTRUCTION LOAN PAYS*	*TOTAL DEV. PAIDS THRU CLOSING*
	LAND					
100	LAND PURCHASE PRICE	$1,273,000		$1,273,000	$0	$1,273,000
	(PLEASE LIST ONLY THE PRICE OF THE LAND AND DO NOT INCLUDE CLOSING COSTS.)					
	(LAND CLOSING AND RELATED COSTS ARE LISTED UNDER SOFT COSTS)					
	TOTAL LAND COSTS	$1,273,000		$1,273,000	$0	$1,273,000
200's	**FEES**					
	(PLEASE LIST EACH FEE SEPARATELY AND INDICATE WHETHER THE FEE IS PAYABLE @ MAP OR @ PERMIT)					
201	SCHOOL FEES	$105,000	$1.84 PER S.F.		$105,000	$0
202	WATER FEES	22,500			22,500	0
203	SEWER FEES	23,500			23,500	0
204	SANITATION DIST. FEES	43,090	1,390 per connection		43,090	0
205	FIRE DEPARTMENT FEES				0	0
206	PARK FEES	46,500			46,500	0
207	TRAFFIC IMPACT FEES				0	0
208	LIBRARY FEES	20,553	663 per unit		20,553	0
209					0	0
210					0	0
211	LAND DEV. PLANS & CHECKS	48,500			48,500	0
212	LAND DEVELOPMENT PERMITS	49,500			49,500	0
213	MISC. MAP RELATED COSTS	31,500			31,500	0
214	PERFORMANCE BOND	8,500			8,500	0
215	TAX BOND	3,500			3,500	0
	SUBTOTAL	402,643		0	402,643	0
216	CONTINGENCY @ 3% LESS PPD.	12,079			12,079	0
	TOTAL FEES	$414,722		$0	$414,722	$0
300's	**PLAN CHECK & BUILDING PERMITS**					
301	ARCH. PLAN CHECK	12,500	$2,500 per plan		$12,500	$0
302	BUILDING PERMITS	110,050	$3,550.00 per home		110,050	0
303	NOTICE OF COMPLETIONS	NA			0	0
304	CERTIFICATES OF OCCUPANCY	3,500			3,500	0
305					0	0
	SUBTOTAL	126,050		0	126,050	0
306	CONTINGENCY @ 3% LESS PPD.	3,782			3,782	0
	TOTAL PLAN CHECK AND PERMITS	$129,832		$0	$129,832	$0

UTICA / RAMSEY 31 UNITS **BUDGET -CDC**

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
400's	**LAND DEVELOPMENT**					
401	CIVIL ENGINEER	$80,000			$80,000	$0
402	SOILS & GEOLOGICAL	$30,000			30,000	0
403	CONSTRUCTION STAKE	$18,500			18,500	0
404	SUPERVISION FOR LAND DEV.	$38,500			38,500	0
405	SIGNS & BARRICADES	$2,500			2,500	0
406	PREDEVELOPMENT OH	$55,000			55,000	0
407	CLEAR & GRUBB	$17,500			17,500	0
408	DEMOLITION	$20,000			20,000	0
409	ROUGH GRADING	$185,000			185,000	0
410	FINISH GRADING	$105,000			105,000	0
411	EROSION CONTROL	$10,500			10,500	0
412	DRAINAGE	$25,000			25,000	0
413	WATER SYSTEMS	**$165,000**			165,000	0
414	SEWER SYSTEM	$115,000			115,000	0
415	STORM DRAINS	$65,000			65,000	0
416	DRY UTILITIES	$75,000			75,000	0
417	UTILITY DEPOSITS	$27,500			27,500	0
418	STREEET PAVING	$69,500			69,500	0
419	SIDEWALK	$25,000			25,000	0
420	CURB & GUTTER	**$41,000**			41,000	0
421	STREET LIGHTS	$24,500			24,500	0
422	STREET SIGNS	$2,500			2,500	0
423	RETAINING WALLS	$165,000			165,000	0
424	(COMMON AREA COSTS)				0	0
425	ENTRY MONUMENT				0	0
426	PERIMETER WALLS	**$75,000**			75,000	0
427	ENTRANCE GATE				0	0
428	POOL, SPA & DECKING				0	0
429	POOL BLDG. / CABANA				0	0
430	POOL FURNITURE				0	0
431	C.A. FENCING & GATES				0	0
432	LANDSCAPE ARCHITECT (C.A.)	$4,500			4,500	0
433	COMMON AREA LANDSCAPING	**$17,500**			17,500	0
434	IRRIGATION SYSTEMS	**$11,500**			11,500	0
435	DRAINAGE				0	0
436	C.A. LIGHTING				0	0
437	TRASH ENCLOSURES				0	0
438	FIRE EXTINGUISHERS				0	0
439	MISCELLANEOUS				0	0
	SUBTOTAL	1,471,000		0	1,471,000	0
440	CONTINGENCY @ 5% LESS PP	73,550			73,550	0
	TOTAL LAND DEVELOPMENT	$1,544,550		$0	$1,544,550	$0

UTICA / RAMSEY 31 UNITS . BUDGET -CDC

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
500's THRU						
700's	DIRECT CONSTRUCTION					
501	TRENCHING				$0	$0
502	PEST & VAPOR BARRIER	7,224	0.14		7,224	0
503	CONCRETE - FOUNDATION	327,080			327,080	0
504	CONCRETE FLATWORK	33,368			33,368	0
505	CONCRETE - LITE WEIGHT	0			0	0
506	CONCRETE - POST TENSION				0	0
507	STRUCTURAL STEEL				0	0
508	ROUGH HARDWARE	IN 510			0	0
509	ROUGH LUMBER	IN 510			0	0
510	CARPENTRY - ROUGH	1,001,000			1,001,000	0
511					0	0
512	ROOFING	119,500			119,500	0
513	GUTTERS & DOWNSPOUTS				0	0
514					0	0
515	SEWER CONNECTIONS	11,352			11,352	0
516	PLUMBING - ROUGH	336,000			336,000	0
517	PLUMBING - FINISH	IN 516			0	0
518	PLUMBING - SINKS/BASINS	IN 516			0	0
519	PLUMBING - TOILETS	IN 516			0	0
520	PLUMBING- FIXTURES	IN 516			0	0
521	TUBS & SHOWERS	IN 516			0	0
522	T & S ENCLOSURES				0	0
523					0	0
524	FIRE SPRINKLERS	NA			0	0
525	FIRE EXTINGUISHERS	NA			0	0
526					0	0
527	ELECTRICAL - ROUGH	102,500			102,500	0
528	ELECTRICAL - FINISH	IN 527			0	0
529	ELECTRICAL - FIXTURES	15,500			15,500	0
530	ELECTRICAL - SECURITY	15,500			15,500	0
531	ELECTRICAL - CABLE TV	IN 527			0	0
532	ELECTRICAL - TELEPHONE	IN 527			0	0
533					0	0
534	HEATING SYSTEM	135,000			135,000	0
535	AIR CONDITIONING				0	0
536					0	0
537	STUCCO / PLASTER	215,000			215,000	0
538	WOOD OR PANEL SIDING				0	0
539	MASONRY SIDING	45,000			45,000	0
540					0	0
541					0	0
	SUBTOTAL PAGE 3	$2,364,024		$0	$2,364,024	$0

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
600's	DIRECT CONSTRUCTION (CONT.)					
601	FIREPLACE - MASONRY	NA			$0	$0
602	FIREPLACE - PREFAB.	NA			0	0
603	FIREPLACE - HEARTH/ MANTEL	NA			0	0
604					0	0
605	SHEET METAL / FLASHING	28,500			28,500	0
606	INSULATION	39,500			39,500	0
607	WEATHER-STRIPPING				0	0
608					0	0
609	WINDOWS	135,000			135,000	0
610	SLIDING GLASS DOORS	IN 609			0	0
611					0	0
612	SKYLIGHTS	NA			0	0
613	LUMINOUS CEILINGS	NA			0	0
614	DRYWALL	201,500			201,500	0
615					0	0
616	PAINTING - EXTERIOR	73,500			73,500	0
617	PAINTING - INTERIOR	IN 616			0	0
618	WALLPAPER	NA			0	0
619					0	0
620	FINISH CARPENTRY	185,000			185,000	0
621	FINISH LUMBER / MOLDING	IN 620			0	0
622	FINISH HARDWARE	IN 620			0	0
623					0	0
624	DOORS- ENTRY	IN 620			0	0
625	DOORS - INTERIOR	IN 620			0	0
626	DOORS - WARDROBE	IN 620			0	0
627	FRAMES, JAMBS & SASH	IN 620			0	0
628					0	0
629	DOORS - GARAGE	17,500			21,000	0
630	GARAGE DOOR OPENERS				0	0
631					0	0
632	STAIRS	55,500			71,000	0
633	STAIR RAILS	IN 632			0	0
634	CABINETS	123,500			155,000	0
635					0	0
636	MIRRORS	10,500			5,500	0
637					0	0
638	COUNTERTOPS - KITCHEN	58,500			58,500	0
639	COUNTERTOPS - BATHROOM	0			0	0
640					0	0
641					0	0
	SUBTOTAL PAGE 4	$928,500		$0	$974,000	$0

UTICA / RAMSEY 31 UNITS BUDGET -CDC

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
700's	DIRECT CONSTRUCTION (CONT.)					
701	FLOORING - CARPET	$95,500			$95,500	$0
702	FLOORING - LINOLEUM	IN 701			0	0
703	FLOORING- TILE	IN 701			0	0
704	FLOORING - HARDWOOD	NA			0	0
705					0	0
706	RANGE / OVEN / HOOD	25,000			25,000	0
707	DISHWASHER	IN 706			0	0
708	DISPOSAL	IN 706			0	0
709	MICROWAVE	IN 706			0	0
710	REFRIGERATOR	NA			0	0
711	SHADES & AWNINGS	NA			0	0
712	MAIL BOXES	5,500			5,500	0
713					0	0
714	CLEAN UP - ROUGH	33,868	0.65 per SF		33,868	0
715	CLEAN UP - FINISH	11,463	0.22 per SF		11,463	0
716					0	0
	SUBTOTAL PAGE 5	$171,331		$0	$171,331	$0
	PAGE 3 SUBTOTAL	$2,364,024		$0	$2,364,024	$0
	PAGE 4 SUBTOTAL	928,500		0	974,000	0
	PAGE 5 SUBTOTAL	171,331	$ / S.F. $ / UNIT	0	171,331	0
	COMBINED SUBTOTAL	3,463,855	66.48 111,737	0	3,509,355	0
717	CONTINGENCY @ 5% LESS PP	173,193	3.32 5,587		173,193	0
	TOTAL B4 YARD IMPROVEMENTS	3,637,048	69.80 117,324	$0	$3,682,548	$0
			CONTINGENCY = 5.00%			
	YARD IMPROVEMENTS					
718	FINE GRADING	48,500			48,500	0
719	YARD FENCES	42,500			42,500	0
720	YARD WALLS	35,000			35,000	0
721	GATES	22,000			22,000	0
722	YARD LANDSCAPING	53,500			53,500	0
723	SPRINKLER SYSTEMS	53,500			53,500	0
724					0	0
725					0	0
726					0	0
	SUBTOTAL YARD IMPROVEMENTS	255,000	4.89 8,226	0	255,000	0
727	CONTINGENCY @ 5% LESS PP	12,750	0.24 411		12,750	0
	TOTAL YARD IMPROVEMENTS	267,750	5.14 8,637	0	267,750	0
			TOTAL CONTINGENCY = 5.00%			
	TOTAL DIRECT CONSTRUCTION	$3,904,798	74.94 125,961	$0	$3,950,298	$0

UTICA / RAMSEY 31 UNITS **BUDGET -CDC**

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	# OF MOS		AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
800's	**INDIRECT COSTS**		LUMP SUM	MOS	MONTHLY			
801		$0	$0	0	$0		$0	$0
802	GENERAL CONTRACTOR'S FEE	305,000	$305,000	0	$0		305,000	0
803		0	$0	0	$0		0	0
804		0	$0	0	$0		0	0
805	CONSTRUCTION SUPERVISION	175,000	$175,000	0	$0		175,000	0
806		0	$0	0	$0		0	0
807	CONSTRUCTION TRAILER	4,050	$0	18	$225		4,050	0
808	TRAILER OPERATIONS	4,950	$0	18	$275		4,950	0
809	EQUIPMENT RENTAL	4,500	$0	18	$250		4,500	0
810	TOOLS	2,500	$2,500	0	$0		2,500	0
811	TEMP. FACILITIES	10,350	$0	18	$575		10,350	0
812	TEMP. UTILITIES	7,650	$0	18	$425		7,650	0
813	WATER METER	4,500	$0	18	$250		4,500	0
814		0	$0	0	$0		0	0
815		0	$0	0	$0		0	0
816	TRASH DISPOSAL	5,400	$0	18	$300		5,400	0
817		0	$0	0	$0		0	0
818		0	$0	0	$0		0	0
819		0	$0	0	$0		0	0
820		0	$0	0	$0		0	0
821		0	$0	0	$0		0	0
822	WATER TRUCK	2,500	$2,500	0	$0		2,500	0
823	STREET CLEANING	6,500	$6,500	0	$0		6,500	0
824		0	$0	0	$0		0	0
825		0	$0	0	$0		0	0
826	SECURITY	54,000	$0	9	$6,000		54,000	0
827	THEFT & VANDALISM	10,000	$10,000	0	$0		10,000	0
828			$0	0	$0		0	0
829	HOMEOWNERS WARRANTY	65,100	$2,100	PER HOME			65,100	0
830							0	0
831							0	0
832							0	0
	SUBTOTAL	662,000	503,600		8,300	0	662,000	0
833	CONTINGENCY @ 3% LESS PP	19,860	$15,108		249		19,860	0
	TOTAL INDIRECT COSTS	$681,860	$518,708		#DIV/0!	$0	$681,860	$0

1200	DEVELOPER'S OVERHEAD		MAX = 5% OF DIRECT CON. + LAND DEV.				
1200	**TOTAL DEVELOPER'S OVERHEAD**	305,000	5.60%	OF DIRECT CON. + LAND DEV.	$0	$305,000	$0
			2.03%	OF SALES VALUE			

UTICA / RAMSEY 31 UNITS **BUDGET -CDC**

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION			AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
				# OF				
900's	**SOFT COSTS**		LUMP SUM	MOS	MONTHLY			
901								
902								
903	LAND BROKER COMMISSION	$0	$0				$0	$0
904	LAND PURCH. TITLE & ESCROV	0	$0				0	0
905	LAND PURCH. LEGAL	0	$0				0	0
906	PRORATED TAXES @ CLOSING	0	$0				0	0
907		0	$0				0	0
908		0	$0				0	0
909	ARCHITECTURAL	65,000	$65,000				65,000	0
910	STRUCTURAL ENGINEERING	15,000	$15,000				15,000	0
911	TITLE 24 CALCS	7,500	$7,500				7,500	0
912	LANDSCAPE ARCHITECT	5,500	$5,500				5,500	0
913	BLUEPRINTS	15,000	$15,000				15,000	0
914	SOUND CONSULTANT	0	$0				0	0
915	LEGAL	8,500	$8,500				8,500	0
916	ACCOUNTING	28,500	$28,500				28,500	0
917		0	$0				0	0
918	INSURANCE - COC	26,500	$26,500				26,500	0
919	INSURANCE - LIABILITY	140,000	$140,000				140,000	0
920	INSURANCE - OTHER	0	$0				0	0
921		0	$0				0	0
922	PROPERTY TAXES / LAND	15,913	$0	12	$1,326		15,913	0
923	PROPERTY TAXES / IMPROVED	46,984	$0	6	$7,831		46,984	0
924	DRE SUBDIVISION REPORT	6,500	$6,500				6,500	0
925	HOA LEGAL & DOCUMENTS	13,500	$13,500				13,500	0
926	HOA DUES	17,500	$17,500				17,500	0
927	FHA & VA APPROVAL	0	$0				0	0
928	FHA INSPECTIONS	0	$0				0	0
929	FNMA & FHLMC APPROVAL	0	$0				0	0
930		0	$0				0	0
931	FORWARD COMMITMENT FEE	0	$0				0	0
932		0	$0				0	0
933	MISCELLANEOUS	0	$0			0	0	0
	SUBTOTAL	411,897	349,000		9,157	0	411,897	0
934	CONTINGENCY @ 3% LESS PP	12,357	$10,470		275		12,357	0
	TOTAL SOFT COSTS	$424,254	$359,470		#DIV/0!	$0	$424,254	$0

UTICA / RAMSEY 31 UNITS **BUDGET -CDC**

ABELL HELOU HOMES 52,105 S.F. 06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
1000's	**MODEL COMPLEX**		LUMP SUM			
1001	TEMP. SALES TRAILER	$5,500	$5,500		$5,500	0
1002	INTERIOR DESIGNER	18,500	$18,500		18,500	0
1003	WALLS & WINDOW TREATS.	6,500	$6,500		6,500	0
1004	FLOORS	5,500	$5,500		5,500	0
1005	MISC. OTHER UPGRADES	7,500	$7,500		7,500	0
1006	FURNITURE	65,000	$65,000		65,000	0
1007	INTERIOR PLANTS	3,500	$3,500		3,500	0
1008	SECURITY SYSTEM	4,500	$4,500		4,500	0
1009	MUSIC SYSTEM	0	$0		0	0
1010	SIGNAGE	6,500	$6,500		6,500	0
1011	EXHIBITS & DISPLAYS	6,500	$6,500		6,500	0
1012	LANDSCAPING	8,500	$8,500		8,500	0
1013	SPRINKLER SYSTEMS	7,500	$7,500		7,500	0
1014	HARDSCAPE	8,500	$8,500		8,500	0
1015		0	$0		0	0
1016	TEMP FENCING	8,500	$8,500		8,500	0
1017	MODEL PARKING LOT	1,500	$1,500		1,500	0
1018	THEFT & VANDALISM	5,500	$5,500		5,500	0
	SUBTOTAL	169,500	$169,500	0	169,500	0
1019	CONTINGENCY @ 3% LESS PP	5,085	$165		5,085	0
	TOTAL MODEL COMPLEX	$174,585	1.16% OF SALES $169,665	$0	$174,585	$0

				# OF MOS				
1100's	**MARKETING**		LUMP SUM		MONTHLY			
1101	SALES OFFICE OPERATIONS	$26,400	$0	12	$2,200		$26,400	$0
1102	SALES STAFF SALARIES	120,000	$0	12	$10,000		120,000	0
1103	MODEL COMPLEX UTILITES	7,200	$0	12	$600		7,200	0
1104	MODEL TAX & INSURANCE	0	$0	12	$0		0	0
1105	MODEL MAINTENANCE	6,000	$0	12	$500		6,000	0
1106	LANDSCAPE MAINTENANCE	6,000	$0	12	$500		6,000	0
1107	INTERIOR PLANT SERVICE	3,600	$0	12	$300		3,600	0
1108	BROCHURES & CARDS	20,000	$20,000	12	$0		20,000	0
1109	RENDERINGS & PHOTOS	31,500	$31,500	12	$0		31,500	0
1110	SIGNS & FLAGS	13,500	$13,500	12	$0		13,500	0
1111	OPENING DAY PROMO	8,500	$8,500	12	$0		8,500	0
1112	OTHER PUBLIC RELATIONS	12,000	$12,000	12	$0		12,000	0
1113		0	$0	0	$0		0	0
1114	NEWSPAPER ADS	75,000	$75,000	12	$0		75,000	0
1115	OTHER MEDIA ADS	20,000	$20,000	12	$0		20,000	0
1116	MAILERS	6,500	$6,500	12	$0		6,500	0
	SUBTOTAL	356,200	$187,000		$14,100	0	356,200	0
1117	CONTINGENCY @ 3% LESS PP	10,686	$5,610		423		10,686	0
	TOTAL MARKETING	$366,886	2.44% OF SALES $192,610		$14,523.00	$0	$366,886	$0

UTICA / RAMSEY — 31 UNITS — BUDGET -CDC

ABELL HELOU HOMES — 52,105 S.F. — 06/16/05

$15,035,000 PRODUCTION UNIT VALUE

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
N/A	**COST OF SALES**					
N/A	SALES COMMISSIONS	$451,050	3.00% OF GROSS SALES	N/A	N/A	$451,050
N/A	TITLE INSURANCE	37,588	0.25% OF GROSS SALES	N/A	N/A	37,588
N/A	ESCROW	75,175	0.50% OF GROSS SALES	N/A	N/A	75,175
N/A	OTHER CLOSING COSTS	150,350	1.00% OF GROSS SALES	N/A	N/A	150,350
N/A	FHA/VA DISCOUNT POINTS	75,175	0.50% OF GROSS SALES	N/A	N/A	75,175
N/A	SALES COMMS. / LOTS	0	0.00% OF GROSS SALES	N/A	N/A	0
N/A						
N/A	CUSTOMER SERIVCE	23,250	$750 / HOME	N/A	N/A	23,250
N/A						
N/A	OFFSET TO MARKETING			N/A	N/A	0
N/A						
N/A	DEFERRED FEES	0	$0 / HOME	N/A	N/A	0
N/A	OTHER DEFERRED COSTS			N/A	N/A	0
N/A	NOTICE OF COMPLETION	0	$0 / HOME	N/A	N/A	0
N/A	UTILITY DEPOSIT REFUND	0	$0 / HOME	N/A	N/A	0
N/A						
N/A						
	TOTAL COST OF SALES	$812,588		N/A	N/A	$812,588

UTICA / RAMSEY
ABELL HELOU HOMES

31 UNITS
52,105 S.F.
$8,711,519 LOAN AMOUNT
8.50% ESTIMATED INTEREST RATE

BUDGET -CDC
06/16/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
1300's THRU						
1500's	FINANCING					
1301	PWNB LOAN FEE	$87,115	1.00% OF THE LOAN AM	$0	$87,115	$0
	PWNB DUE DILIGENCE & CLOSING					
1302	APPRAISAL	$7,500			7,500	0
1303	FEASIBILITY REPORT	0			0	0
1304	PH. 1 ENVIRONMENTAL AUDIT	4,000			4,000	0
1305	SOILS & GEOLOGICAL REPORT	4,500			4,500	0
1306	LOAN DOCUMENTATION	1,500			1,500	0
1307	TITLE INSURANCE	6,500			6,500	0
1308	LOAN ESCROW	2,500			2,500	0
1309	MISC., RECORDING, ETC.	1,000			1,000	0
1310	LOAN RELATED LEGAL	0			0	0
1311		0			0	0
1312		0			0	0
1313	FUND CONTROL	43,558	0.50% OF THE LOAN AMT.		43,558	0
1400	CONSTRUCTION INSPECTIONS	6,000	250		6,000	0
			2 INSPECTIONS PER MO. FOR 12 MOS.			
	TOTAL D.D. & CLOSING	77,058		0	77,058	0
1500	INTEREST RESERVE	555,359	60% AVERAGE OUTSTANDING		555,359	0
			15 MONTH LOAN TERM			
1314	LOAN BROKER FEE	0		0	0	0
	TOTAL COST OF FINANCING	$719,532		$0	$719,532	$0

BUDGET

UTICA / RAMSEY — 31 UNITS — BUDGET -CDC
ABELL HELOU HOMES — 52,105 S.F. — 06/16/05

31	# OF PROD. UNITS: ?	$15,035,000	PRODUCTION UNIT VALUE	70.00%	$0
	# OF MODELS: ?	$0	MODELS VALUE	65.00%	$0
	# OF LOTS: ?	$0	FINISHED LOT VALUE	60.00%	$0
	# OF LOTS: ?	$0	OTHER LAND VALUE	50.00%	$0
		$15,035,000	TOTAL VALUE	0.00%	$0

LINE #	COST CATEGORY	TOTAL COST	$ / S.F.	$ / UNIT	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL AMOUNT PAID BY BORROWER
	TOTALS						
100	LAND	$1,273,000	$24.43	$41,065	$1,273,000	$0	$1,273,000
200	FEES	414,722	7.96	13,378	0	414,722	0
300	PERMITS	129,832	2.49	4,188	0	129,832	0
400	LAND DEVELOPMENT	1,544,550	29.64	49,824	0	1,544,550	0
500	DIRECT CONSTRUCTION (PAGE 3)	2,364,024			0	2,364,024	0
600	DIRECT CONSTRUCTION (PAGE 4)	928,500	TOTAL BELOW FOR 3 PAGES		0	974,000	0
700	DIRECT CONSTRUCTION (PAGE 5)	612,274	74.94	125,961	0	612,274	0
800	INDIRECT COSTS	681,860	13.09	21,995	0	681,860	0
900	SOFT COSTS	424,254	8.14	13,686	0	424,254	0
1000	MODELS	174,585	3.35	5,632	0	174,585	0
1100	MARKETING	366,886	7.04	11,835	0	366,886	0
1200	DEVELOPER'S OVERHEAD	305,000	5.85	9,839	0	305,000	0
	DEVELOPER'S FEE	465,000	8.92	15,000		0	465,000
	TOTAL COSTS BEFORE FINANCIN	**9,684,487**	**$185.86**	**312,403**	**1,273,000**	**7,991,987**	**1,738,000**
1300	LOAN FEE, D.D. & CLOSING	158,173	3.04	5,102	0	158,173	0
1400	CONSTRUCTION INSPECTIONS	6,000	0.12	194	0	6,000	0
1500	INTEREST RESERVE	555,359	10.66	17,915	0	555,359	0
	TOTAL COSTS BEFORE C.O.S.	**$10,404,019**	**$199.67**	**$335,614**	**$1,273,000**	**$8,711,519**	**$1,738,000**
1600	**ADDTN'L BORROWER'S FUNDS REQUIRED**						**(0)**
	LOAN AMOUNT DETERMINATION	**10,449,519**				**8,711,519**	**1,738,000**
	COST OF SALES	812,588	15.60	26,213	N/A	N/A	812,588
	TOTAL PROJECT COSTS	$11,216,606	$215.27	$361,826	$1,273,000	$8,711,519	$2,550,587

LOAN TO "BORROWABLE" COSTS RATIO:	83.73%	TOTAL PREPAID COSTS EXCLUDING LAND:	$0
LOAN TO VALUE RATIO:	57.94%	CASH REFUNDED TO/(REQUIRED FROM) BORROWER):	($465,000)
PROFIT MARGIN:	$3,818,394	CONTINGENCY ON COSTS BEFORE FINANCING:	$323,342
PROFIT MARGIN ON COSTS:	34.04%	% OF TOTAL VALUE:	2.15%
PROFIT MARGIN ON SALES:	25.40%	ESTIMATED INTEREST CONTINGENCY:	?
		% OF TOTAL VALUE:	0.00%
		TOTAL COMBINED CONTINGENCY:	$323,342
		% OF TOTAL VALUE:	2.15%

# OF LOTS		PER LOT	TOTAL
31	LAND:	$41,065	$1,273,000
31	FEES PAYABLE @ MAP:	$7,765	$240,722
31	FEES PAYABLE @ PERMIT:	$5,613	$174,000
31	LAND DEVELOPMENT:	$49,824	$1,544,550
31	)SIT REFUNDS/DEFERRED FEES:	$0	$0
	FINISHED LOT COST:	$104,267	$3,232,272

21.50% OF AVERAGE SALES PRICE

LOAN $/S.F.	LOAN $/UNIT	LOAN $/LOT
$167.19	$281,017	$0

EXHIBIT "F"

LAND ACQUISITION PROMISSORY NOTE

LAND ACQUISITION PROMISSORY NOTE
Project No. YY1147

$1,495,792 January , 2006

For value received, the undersigned, Maple Glen LLC, a California limited liability corporation ("**Borrower**") whose principal address is set forth hereinbelow, promises to pay to the order of the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Authority**") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Authority may from time to time designate in writing), the principal sum of ONE MILLION FOUR HUNDRED NINETY FIVE THOUSAND SEVEN HUNDRED NINETY TWO DOLLARS ($1,495,792) (the "**Loan**"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of January ,2006, entered into between Borrower and the Authority (the "**Agreement**"), and the terms and conditions of this Promissory Note (this "**Note**"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower financing in connection with a housing project ("**Project**" or "**Assisted Units**") on a site more particularly described in the Agreement ("**Site**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

1. Interest.

1.1 Basic Interest. Provided that Borrower is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to the Agreement by the date specified in the Schedule of Performance, the Authority waives interest under this Note. If Borrower does not complete and sell all of the Assisted Units pursuant to the Agreement by the date specified in the Schedule of Performance, and, subject to Section 1.3 below, the disbursed and unpaid principal balance of this Note shall accrue interest at the rate of three percent (3%) per annum, simple interest ("**Basic Rate**") commencing on the date of the close of the Escrow, and ending on the date when all sums are paid, as provided herein. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year.

1.2 Payment Dates and Amounts. Provided no Event of Default (as set forth in Section 9 below) or other event of acceleration under this Note or the Agreement has occurred, Borrower shall repay this Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the "**Assisted Unit Repayment Amount**"), which Assisted Unit Repayment Amount shall be paid via a credit to Borrower from the Authority against the outstanding amounts owed under this Note upon the recordation of a HACOLA Secondary Financing Deed of Trust against such Assisted Unit; and (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount, in addition to the amounts due

under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than the Authority in excess of the average Permanent Loan anticipated to be obtained by the Qualified Buyers as shown on Exhibit "E" to the Agreement (the "**Additional Assistance Repayment Amount**").

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

1.4 Intentionally Omitted.

1.5 Assignment. In addition to the payments provided in Section 1.2 above, Borrower shall pay to the Authority towards (but not to exceed) any outstanding amounts associated with the Loan, no later than the date of close of escrow or other consummation of any Assignment, the Applicable Percentage of the Net Proceeds of such Assignment;

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

"**Assignment**" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than the Senior Construction Loan or limited partner contributions, the proceeds of which are used solely for initial development of the Project), sublease, sale (other than the sale of individual Units to members of the home-buying public pursuant to the terms of the Agreement), license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Project, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"**Net Proceeds**" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash,

the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to Authority), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Construction Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

2. Acceleration.

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

3. Prepayment; Application of Payments.

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

4. Security and Source of Payment.

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

5. Obligation of Borrower Unconditional.

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

6. Purpose of Loan.

The purpose of the Loan is to evidence and secure repayment of the Loan and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of the Agreement.

7. Covenants of Borrower.

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

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

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Authority a copy of any notice of default within five business days after

receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Authority, to the extent the Authority in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Authority in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

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

9. Events of Default and Remedies.

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

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement;

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

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

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

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

(6) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 9 or Section 27 of the Agreement;

(8) Borrower shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

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

(1) By notice to Borrower, except in the case of a default by Borrower under Section 9(A)(3) through (8) above in which event no notice shall be required, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

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

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

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

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Borrower of the construction of the Project, the Borrower, at the demand of the Authority, shall make the following payments to the Authority which shall be deemed to fully discharge this Note: (i) any sums disbursed to Borrower under this Note; (ii) all interest accruing on (A) this Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under this Note; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to the Authority, including, without limitation, lost opportunity costs, any difference between the Loan and any sum required to be expended by the Authority in connection with the development of the Site by another developer and other like costs; and

(6) pursue any and all other remedies available to the Authority at law or in equity

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Authority may determine in its sole discretion.

No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Authority. In order to entitle the Authority to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

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

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

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

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

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

_____

Borrower's Initials

10. Agreement to Pay Attorneys' Fees and Expenses.

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

11. Conflict of Interest; No Individual Liability.

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

12. Amendments, Changes and Modifications.

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

13. Notices.

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

If to Authority	Housing Authority of the County of Los Angeles Two Coral Circle Monterey Park, California 91755-7425 Attn: Executive Director Fax No. (323) 890-8576
With a copy to:	Housing Authority of the County of Los Angeles Two Coral Circle Monterey Park, California 91755-7425 Attn: Director of Housing Development and Preservation Fax No. (323) 890-8576
If to Borrower:	Maple Glen LLC 148 W. Orange St. Covina CA 91723 Attention: John Abell Fax No. (626) 332-86190

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

14. Severability.

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

15. Interpretation.

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

16. No Waiver; Consents.

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

17. Governing Law.

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

18. Representations, Warranties and Additional Covenants of Borrower.

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

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, and all other documents executed in connection herewith.

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

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

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

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

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Authority) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

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

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

19. Approvals.

With respect to those matters set forth hereinabove providing for the Authority's approval, consent or determination, such approval, consent or determination may be given or withheld at the Authority's sole and absolute discretion, unless otherwise expressly stated in this Note.

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

20. Good Faith and Fair Dealing.

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

21. Waiver.

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

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

BORROWER:

Maple Glen LLC,
a California limited liability company

By:_____

Its :

EXHIBIT "G"

LAND ACQUISITION DEED OF TRUST

LAND ACQUISITION DEED OF TRUST
Tract 53953

OFFICIAL BUSINESS

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

Recording Requested by and
When Recorded Mail To:

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

Above Space For Recorder's Use Only

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

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (**"Deed of Trust"**) is made as of January ____, 2006, by and between , LLC, a California limited liability company (**"Trustor"**) whose address is 148 West Orange Street, Covina, CA 91723, North American Title Company (**"Trustee"**); and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (**"Beneficiary"**).

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of EIGHT HUNDRED EIGHTY THREE THOUSAND TWENTY SIX DOLLARS ($883,026) (the "**Loan**") pursuant to that certain Disposition and Development Agreement (the "**Agreement**") entered into by Trustor and Beneficiary and dated as of January ___, 2006. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "**Note**") in the principal amount of the Loan. Any capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

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

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

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

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

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

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

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

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment,

and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

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

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

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

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

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

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

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

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

(3) performance of each agreement of Trustor contained in the Agreement, or any other document entered into by Trustor in connection therewith, and any extension, renewal or modification of the Agreement or such other documents;

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

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

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

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

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

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

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

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

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Construction Financing (as defined in the Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

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

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Notwithstanding any other provisions hereof, from time to time, Beneficiary shall execute and record a partial reconveyance, releasing portions of the Property from the lien or charge of this Deed of Trust on a Unit by Unit basis upon the occurrence of the following terms and conditions:

a. For each Non-Assisted Unit, Beneficiary's receipt of an estimated closing statement for the Non-Assisted Unit to be released.

b. For each Assisted Unit, Beneficiary's receipt of the applicable Assisted Unit Repayment Amount and the applicable Additional Assistance Repayment Amount, if any, for the Assisted Unit to be released.

c. Beneficiary's receipt, with interest, of any amounts expended by Beneficiary to protect the security of this Deed of Trust including, without limitation, any amounts expended for keeping senior encumbrances current, payment of taxes or attorneys' fees.

d. No Event of Default has occurred hereunder or under the Note or the Agreement.

Upon delivery to Beneficiary of proof satisfactory to Beneficiary that a portion of the Property has been or is about to be dedicated or conveyed to and accepted by a public entity, Beneficiary shall execute and record a partial reconveyance, releasing such portion of the Property from the lien or charge of this Deed of Trust.

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

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to

such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

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

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

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

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

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

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

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

if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

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

17. Covenants of Trustor.

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

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

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

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Agreement;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the Note or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 18;

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

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

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

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 9 or 27 of the Agreement);

g. Trustor shall be in default under any Construction Loan (as defined in the Agreement) or any other secured obligation secured by the Property or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to the Agreement within six (6) months following Completion of the Project.

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

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then

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

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

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the Note or the Agreement for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that

any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

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

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

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

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

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or

its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

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

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

A. Name and Address of Lender: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755

B. Name and Address of Debtor: Maple Glen LLC
148 W. Orange Street
Covina, California 91723

C. Debtor's Taxpayer Identification Number:

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done

pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

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

30. Approvals. With respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination, such approval, consent or determination may be given or withheld at the Beneficiary's sole and absolute discretion, unless otherwise expressly stated in this Deed of Trust.

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

32. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (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 this Deed of Trust. Trustor hereby agrees that any purported Transfer not approved by Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify Beneficiary in writing (the "**Transfer Notice**") and, except with respect to a sale of a Unit in the Project in accordance with the Agreement, shall submit to Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "**Transfer Documents**") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations hereunder. The Transfer Notice shall include a request that Beneficiary consent to the proposed Transfer. Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Beneficiary receives the last of the items required by this Section 33. In the event Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to Beneficiary. Upon the effectiveness of any such Transfer, Trustor shall be released from its obligations hereunder only if the written Beneficiary consent expressly provides such a release. Except as expressly provided herein to the contrary, all Trustor obligations hereunder shall run with the land and be binding on successors and assigns.

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

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

The prohibitions against Transfer contained in this Section 33 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of the Agreement. The prohibitions against Transfer contained in this Section 33 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with the Agreement.

34. Subordination. Provided no Event of Default has occurred hereunder or under the Note or the Agreement, Beneficiary will subordinate, on terms reasonably acceptable to Beneficiary and to the lender under the Senior Construction Financing, the lien of this Deed of Trust to the lien or charge created by a deed of trust ("**Senior Deed of Trust**") which satisfies the following requirements:

a. The Senior Deed of Trust will secure a construction loan obtained by Trustor from a Qualified Financial Institution not affiliated with Trustor. As used herein, "Qualified Financial Institution" means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of Beneficiary, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

b. The principal amount of the construction loan shall not be more than $8,711,519, the proceeds of which are used exclusively to improve the Property, or to pay off indebtedness incurred by Trustor to improve the Property; provided, however, that Beneficiary will not be obligated to so subordinate if such lien, mortgage or deed of trust secures any obligation or indebtedness not related to development of the Property or construction of the Units or if such lien, mortgage or deed of trust contains any provision making it a default thereunder if Trustor or any other party defaults in any obligation not related to the development of the Property or construction of the Units (i.e., a cross-default provision).

c. The term is at least twelve (12) months, but no longer than the period during which the Trustor is obligated under the Agreement and the Schedule of Performance (as defined in the Agreement) to complete and sell all Thirty-One (31) Units in the Project.

d. The other terms are consistent with the Agreement and are not in excess of those generally commercially available for the Property.

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

TRUSTOR:

Maple Glen LLC,
a California limited liability company

By: _____

Its: _____

BENEFICIARY:

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic

By: _____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr. County Counsel

By: _____
Deputy

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

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

WITNESS my hand and official seal.

_____
Signature

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

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

WITNESS my hand and official seal.

_____
Signature

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

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

WITNESS my hand and official seal.

_____
Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(INDUSTRY FUND - PROJECT NO. YY1080)

:

LAND ACQUISITION DEED OF TRUST
Tract 54244

OFFICIAL BUSINESS

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

Recording Requested by and
When Recorded Mail To:

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

Above Space For Recorder's Use Only

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

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (**"Deed of Trust"**) is made as of January ____, 2006, by and between , LLC, a California limited liability company (**"Trustor"**) whose address is 148 West Orange Street, Covina, CA 91723, North American Title Company (**"Trustee"**); and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (**"Beneficiary"**).

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of SIX HUNDRED TWELVE THOUSAND SEVEN HUNDRED SIXTY SIX DOLLARS ($612,766) (the **"Loan"**) pursuant to that certain Disposition and Development Agreement (the **"Agreement"**) entered into by Trustor and Beneficiary and dated as of January ___, 2006. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the **"Note"**) in the principal amount of the Loan. Any capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

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

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

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

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

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

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

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

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment,

and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

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

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

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

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

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

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

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

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

(3) performance of each agreement of Trustor contained in the Agreement, or any other document entered into by Trustor in connection therewith, and any extension, renewal or modification of the Agreement or such other documents;

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

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

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

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

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

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

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

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

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Construction Financing (as defined in the Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

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

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Notwithstanding any other provisions hereof, from time to time, Beneficiary shall execute and record a partial reconveyance, releasing portions of the Property from the lien or charge of this Deed of Trust on a Unit by Unit basis upon the occurrence of the following terms and conditions:

a. For each Non-Assisted Unit, Beneficiary's receipt of an estimated closing statement for the Non-Assisted Unit to be released.

b. For each Assisted Unit, Beneficiary's receipt of the applicable Assisted Unit Repayment Amount and the applicable Additional Assistance Repayment Amount, if any, for the Assisted Unit to be released.

c. Beneficiary's receipt, with interest, of any amounts expended by Beneficiary to protect the security of this Deed of Trust including, without limitation, any amounts expended for keeping senior encumbrances current, payment of taxes or attorneys' fees.

d. No Event of Default has occurred hereunder or under the Note or the Agreement.

Upon delivery to Beneficiary of proof satisfactory to Beneficiary that a portion of the Property has been or is about to be dedicated or conveyed to and accepted by a public entity, Beneficiary shall execute and record a partial reconveyance, releasing such portion of the Property from the lien or charge of this Deed of Trust.

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

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to

such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

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

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

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

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

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

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

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

if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

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

17. Covenants of Trustor.

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

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

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

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Agreement;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the Note or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 18;

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

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

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

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 9 or 27 of the Agreement);

g. Trustor shall be in default under any Construction Loan (as defined in the Agreement) or any other secured obligation secured by the Property or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to the Agreement within six (6) months following Completion of the Project.

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

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then

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

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

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the Note or the Agreement for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that

any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

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

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

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

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

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or

its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

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

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

A. Name and Address of Lender: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755

B. Name and Address of Debtor: Maple Glen LLC
148 W. Orange Street
Covina, California 91723

C. Debtor's Taxpayer Identification Number:

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done

pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

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

30. Approvals. With respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination, such approval, consent or determination may be given or withheld at the Beneficiary's sole and absolute discretion, unless otherwise expressly stated in this Deed of Trust.

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

32. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (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 this Deed of Trust. Trustor hereby agrees that any purported Transfer not approved by Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify Beneficiary in writing (the "**Transfer Notice**") and, except with respect to a sale of a Unit in the Project in accordance with the Agreement, shall submit to Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "**Transfer Documents**") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations hereunder. The Transfer Notice shall include a request that Beneficiary consent to the proposed Transfer. Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Beneficiary receives the last of the items required by this Section 33. In the event Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to Beneficiary. Upon the effectiveness of any such Transfer, Trustor shall be released from its obligations hereunder only if the written Beneficiary consent expressly provides such a release. Except as expressly provided herein to the contrary, all Trustor obligations hereunder shall run with the land and be binding on successors and assigns.

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

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

The prohibitions against Transfer contained in this Section 33 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of the Agreement. The prohibitions against Transfer contained in this Section 33 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with the Agreement.

34. Subordination. Provided no Event of Default has occurred hereunder or under the Note or the Agreement, Beneficiary will subordinate, on terms reasonably acceptable to Beneficiary and to the lender under the Senior Construction Financing, the lien of this Deed of Trust to the lien or charge created by a deed of trust ("**Senior Deed of Trust**") which satisfies the following requirements:

a. The Senior Deed of Trust will secure a construction loan obtained by Trustor from a Qualified Financial Institution not affiliated with Trustor. As used herein, "Qualified Financial Institution" means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of Beneficiary, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

b. The principal amount of the construction loan shall not be more than $8,711,519, the proceeds of which are used exclusively to improve the Property, or to pay off indebtedness incurred by Trustor to improve the Property; provided, however, that Beneficiary will not be obligated to so subordinate if such lien, mortgage or deed of trust secures any obligation or indebtedness not related to development of the Property or construction of the Units or if such lien, mortgage or deed of trust contains any provision making it a default thereunder if Trustor or any other party defaults in any obligation not related to the development of the Property or construction of the Units (i.e., a cross-default provision).

c. The term is at least twelve (12) months, but no longer than the period during which the Trustor is obligated under the Agreement and the Schedule of Performance (as defined in the Agreement) to complete and sell all Thirty-One (31) Units in the Project.

d. The other terms are consistent with the Agreement and are not in excess of those generally commercially available for the Property.

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

TRUSTOR:

Maple Glen LLC,
a California limited liability company

By: _____

Its:_____

BENEFICIARY:

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic

By:_____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr. County Counsel

By: _____
Deputy

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

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

WITNESS my hand and official seal.

_____
Signature

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

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

WITNESS my hand and official seal.

_____
Signature

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

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

WITNESS my hand and official seal.

_____
Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(INDUSTRY FUND - PROJECT NO. YY1080)

EXHIBIT "H"

SCHEDULE OF PERFORMANCE

EXHIBIT "H"
SCHEDULE OF PERFORMANCE

1. Execution and Delivery of Agreement by Developer. The Developer shall execute and deliver this Agreement to HACOLA.	Not later than 5 days after receipt of this Agreement by Developer for execution.
2. Execution of Agreement by Commission. The Board of Commissioners shall authorize execution of this Agreement. HACOLA will deliver a copy of the executed Agreement to the Developer.	Following approval by the Board of Commissioners.
3. Submission of Final Construction Plans, Drawings, and Landscaping Plans. The Developer shall prepare and submit to HACOLA for review and approval Final Construction Plans, Drawings, and Final Landscaping Plans for the Site.	No later than 30 days following execution of this Agreement.
4. Approval – Final Construction Plans, Drawings, and Landscaping Plans. HACOLA shall approve or disapprove the Developer's Final Construction Plans, Drawings, and Landscaping Plans for the Site.	Within 14 days after receipt thereof by the Commission.
5. Submission of Certificates of Insurance. The Developer shall furnish to HACOLA appropriate certificates of insurance policies.	Prior to the date set forth herein for the commencement of the Developer Improvements.
6. Governmental Permits. The Developer shall obtain any and all permits required by the County or any other governmental agency.	Prior to the date set forth herein for the commencement of the Developer Improvements.
7. Submission of Security Plan and Marketing Plan. The Developer shall submit to HACOLA in a form acceptable to HACOLA a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted	Prior to the date set forth herein for the commencement of the Developer Improvements.

Unit.

8. Commencement of Construction of Developer Improvements. The Developer shall commence construction of the Developer Improvements.	Commencement of construction shall not be later than 90 days after the date of execution of the Development Agreement.
9. Identification of Qualified Homebuyers. Developer shall identify at least two qualified homebuyers for each Assisted Unit.	At least 30 days before completion of Developer Improvements.
10. Completion of Construction of Developer Improvements. Developer shall complete construction of the Developer Improvements.	Within 270 days after commencement of construction thereof by the Developer.
11. Issuance of Certificate of Completion. HACOLA shall furnish the Developer with a Certificate of Completion.	Promptly after completion of all construction required to be completed by the Developer on the Site and upon written request therefore by the Developer.
12. Sale of Assisted Units to Qualified Buyers. Developer shall complete close of escrow of Assisted Units to Qualified Homebuyers.	Within 60 days after completion of construction of the Developer Improvements.

EXHIBIT "I"

INTENTIONALLY OMITTED

EXHIBIT "J"

HACOLA DESIGN GUIDELINES

Housing Authority of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For HOMEOWNERSHIP Housing Developments

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21. Indoor Air Quality Materials
22. Roofing
23. Roof Drainage

Housing Authority of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For HOMEOWNERSHIP Housing Developments

I. FUNDAMENTAL DESIGN GUIDELINES FOR HOMEOWNERSHIP DEVELOPMENTS

A. Site

1. Landscaping

Drought Tolerant plant material.
Less lawn and more drought tolerant ground covers/shrubs is encouraged.
All new planted areas to be heavily mulched for water conservation.
Automatic irrigation system to be provided
1 – 24" box shade tree in front yard of each unit.
Redwood bender board edging or equal at planter bed and turf boundaries.
All landscaped areas or planter boxes must be accessible for maintenance.
Provide deciduous trees to shade south windows and evergreen trees to shade west windows.
Plans must be stamped by a landscape architect licensed in the State of California.

2. Fencing

If used, all wrought iron to be painted a dark color. Line posts shall be galvanized.
All front yard and street front fencing must be setback at least 12" from the sidewalk with a landscape strip.
Common entry gates must have automatic closers.
Concrete block walls facing streets shall incorporate decorative designs or be accompanied by landscaping such as vines to soften the appearance of the walls.

3. Building Orientation

Orient building to maximize solar access during cooler months and to control it during warmer months.

4. Pedestrian Hardscape Areas

Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).

5. Building Placement

Maintain the existing setback patterns within the vicinity of the building. Avoid locating a building far in front of or far behind the average setback lines of the properties located on either side of the proposed project.

6. Parking

Whenever possible, locate detached garages towards the rear of the site to minimize its impact on the street.
If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.
Parking area should have adequate lighting and provide a safe and secure environment.
Consider placing second story massing over a garage to bring the living space closer to the street and take some attention off of the garage.

B. Building Exterior

1. Height

Relate the overall height of the new structure to that of adjacent residential structures. Avoid new construction that varies greatly in height from other residential buildings in the area.

2. Scale

Relate the size and bulk of the new structures to the prevalent residential scale in the immediate area.

3. Form

Consider utilizing a variety of building floor plans, elevations and roof forms instead one type. Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to add visual complexity.

4. Materials and Color

Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality residences in the surrounding neighborhood or region.
Avoid introducing drastically different colors and materials than those of the surrounding neighborhood.
Use materials that do not require extensive maintenance.

5. Individual Identity

Consider strategies that allow homeowners to enhance the exterior appearance of their homes.

6. Entry

Provide a prominent and visible entry.
Consider transitional spaces such as an entry porch to help make the transition from public to semi-private or private space.
Consider issues of shelter, security, lighting and identity.

7. Roof Top Equipment

All roof top equipment should be screened from view. No free standing wood screens permitted. Screening shall be achieved through the use of parapet walls and other permanent building features.

8. Windows

Window size and placement should maximize daylighting and natural ventilation.
Placement should relate to building interior layout.
Plant-on mullions are discouraged.
Consider ways to screen and physically separate ground floor windows from sidewalk to provide privacy and security.
Low-emissivity glass is required for all south and west facing windows and encouraged for east facing windows.
Overhangs for south facing windows are recommended.

9. Roofing

Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Sizes

2-Bedroom	1,000 - 1,300 sq. ft.
3-Bedroom	1,300 - 1,500 sq. ft.
4-Bedroom	1,300 - 1,500 sq. ft.

2. Room Size Range & Features

	One Wall Length Min.	Room Size
Living Area	9 ft.	150-220 sq. ft.
Dining Area	Comfortably seat 2 people per bedroom	
Kitchen Counters	5 ft. long by 2 ft. deep for 1st bedroom plus 1.5 ft. per additional bedroom (measurement does not include sink and cooktop areas, and is measured along the front edge of counter).	
Cabinets	5 ln. ft. of base cabinets for 1st bedroom plus 1.5 ln. ft. per additional bedroom.	
Stove / cook top	30" wide and at least 12" away from any sidewall for all 2 bedroom and larger units.	
Refrigerators	16 cu. ft. for 2-bedrooms. 18 cu. ft. for 3-bedrooms or more.	
Dishwashers	To be included.	
Garbage disposals	To be included.	
Bedroom	9 ft. (min. wall)	90-120 sq. ft.
Bedroom Storage		10 sq. ft.min.
Master Bedroom	12 ft.	150-200 sq. ft.
Master Bedroom Storage		20 sq. ft. min.
General Storage		15 sq. ft.
Linen Storage		4 sq. ft.

3. HVAC

Provide air conditioning for all single-family homes.
Whole house and ceiling fans maybe used in lieu of air conditioning.

D. Crime Prevention Through Environmental Design (CPTED)

The Commission supports creating safe neighborhoods through the implementation of Crime Prevention Through Environmental Design (CPTED). The basic premise of CPTED is that the nature of buildings and layout of a community can attract offenders and make it easier for them to commit crimes and escape arrest. CPTED focuses on eliminating these features at the design stage to reduce crime and the fear of crime.

The five overlapping concepts or strategies which are incorporated in CPTED are:
Access Control
Surveillance
Territorial Reinforcement
Activity Support
Image and Maintenance

Architectural Designers should make sure you are:

- Providing clear border definitions of controlled space.
- Providing clearly marked transitional zones that indicate movement from public to semi-public to private space.
- Relocating gathering areas to locations with natural surveillance.
- Placing unsafe activities in safe spots to overcome the vulnerability of these activities with natural surveillance and access control of the safe area.
- Redesigning space to increase the perception or reality of natural surveillance.
- Carefully planning a reduced number of entry points.
- Placing signage to advise visitors what the access restrictions are and where they must go if they are authorized to enter your territory.
- Eliminating blind spots around the project site where individuals approaching the site cannot be observed.
- Including fencing and landscaping to direct the circulation flow of persons to a select observable pathway.
- Making sure that landscape plant material that is selected will not block windows and eliminate opportunities for natural surveillance.
- Considering the use of reflective glass so that you can see out but outsiders cannot see in.
- Plant low vegetation with thorns or other repelling qualities adjacent to first floor windows to prevent outsiders from approaching windows.
- Providing good outdoor lighting standards that illuminate pathways evenly and without shadow pockets.
- Prewiring for future security cameras is recommended.

II. SUPERIOR DESIGN

A. Exterior Elevations

Well crafted with variation in massing, fenestration, scaling elements such as trellises or porches, changes in material, texture, color treatment and landscaping.

B. Customized Design

Design responds highly to specific functional and psychological needs of the targeted user group.

C. Security

Site planning and building design enhances security, the monitoring of children, and fosters a sense of neighborhood and community.

D. Environmental Conservation Measures

As many of the Fundamental Design environmental conservation measures as possible and/or additional measures have been incorporated into the design.

E. Benefits to Community at Large

Examples include a development with a community room that extends social services to the surrounding neighborhood such as senior care or educational classes.

III. ADDITIONAL INTERIOR & EXTERIOR GUIDELINES (to be used in the review of Construction Documents)

1. Plastic Laminate Countertops at All Wet Locations

   Must be bullnosed on one side or have a waterfall edge on all sides and an integral splash. Solid surfacing or ceramic tile are acceptable alternates to plastic laminate.

2. Faucets

   Provide washerless faucets.

3. Communication Wiring

   Provide a telephone jack in all bedrooms and in one common area.

Provide CAT 5 wiring to at least one location per residence.

4. Cable Television

Provide a minimum of one jack in the living room for residences with 2 bedrooms. Provide a minimum of one jack in at least one bedroom plus one in the living room for residences with 3 bedrooms or more.

5. Carbon Monoxide Detectors

Provide at least one hardwired carbon monoxide detector with battery back up near the bedrooms. No combination smoke detection – carbon monoxide shall be used.

6. Doors

Entry doors to be solid core 1 ¾" thick minimum with reinforced latch and viewfinder. Non-removable hinge pins required on all out swing doors.

Interior doors shall have a 1 3/8" thick hollow core, flush, paint grade hardboard face and prime coated for enamel on all six sides. Hardboard faces or wood veneers on prefinished interior built-up doors shall be a minimum of 1/8" thick.

7. Door Hardware

Use medium or premium grade hardware.

Suggested hardware:
Schlage AL-Series keyed lever lock
Grade 2 or higher deadbolts
Interior doorstops shall be provided using spring type, screwed to door or wood base, or steel plated rubber wall stops.

8. Windows

Use medium or premium grade aluminum windows. Vinyl or wood/clad windows are acceptable alternates.

Suggested manufacturers and series:
Milgard 1000 Series (Aluminum)
International 6200 Series (Aluminum)
International Vinyl Series 5500 or 5300
Milgard 5120 Classic Series (Vinyl)
Milgard 6110 Styleline Series (Vinyl)
Screens on all operable windows.
All aluminum windows and sliding glass doors shall have a clear anodized or baked enamel finish; mill finish not acceptable.

9. Window Coverings

Metal horizontal blinds are not permitted.

10. Medicine Cabinets

Plastic medicine cabinets are not permitted.
Provide recessed cabinets.

11. Bath Tubs and Shower Enclosures

Use cast iron tubs with ceramic tile surrounds over backer board or high quality fiberglass tub/shower/surrounds.

Suggested Manufacturer and Model:
LASCO Model 2603 3 CT Ceries with reinforced flat wells for adaptable units or equal.
LASCO Model 2603-SMH with reinforced flat wells and grab bars for ADA units or equal.
Family units must have at least one tub per unit.

12. Blocking

Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

13. Carpeting

Minimum 10-year performance warranty and the following:

Lifetime – Moisture resistant
Lifetime – Dimensional Stability
Lifetime – No Edge Ravel
Lifetime – No Delamination
Lifetime – No Zippering

Provide wood base, rubber or vinyl coved base at carpet locations.
Transition strips shall be provided between carpet and sheet vinyl or other flooring types.

14. Sheet Flooring

Use .080" minimum thickness - Type II Grade A.
For family rental units avoid seams and provide 4" cove base at walls in wet locations including bathrooms, kitchens and laundry rooms.

Linoleum is encouraged over vinyl for superior environmental qualities.

15. Cabinetry

The Manual of Millwork Standards of the Woodwork Industry published by WIC (Woodwork Institute of California) custom grade for material, hardware and joinery shall apply to all new cabinets. WIC certification process shall not be required at this time. Instead, technical specifications and drawings will be checked for incorporation of WIC custom grade language. In addition, field inspections by HACOLA may occur to verify compliance with cabinet standards.

16. Kitchen Hoods

Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

17. Bathroom Ventilation

Windows are recommended in addition to a bathroom exhaust fan that is capable of providing a minimum of five air changes per hour.

18. Appliances

Select Energy Star appliances.

19. Wood Structural Members

The use of engineered wood for headers, joists and sheathing is encouraged.

20. Recycled Content Materials

The use of recycled content insulation, drywall, carpet and other "green" materials is encouraged.

21. Indoor Air Quality Materials

Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

22. Roofing
Minimum 20-year roof.
If asphalt shingle use "architectural" profile.

23. Roof Drainage

Locate downspouts to drain either into splash blocks, which spill on to planter areas large enough to absorb outflow or directly into an underground drain system.

EXHIBIT "K"

HACOLA SECONDARY FINANCING NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

Industry Fund - Project No.YY1147 82%
CDBG Project No. 1JP01X- __ 18%

_____, 20_____ _____, California

Property Address:

Property Address City State Zip Code

FOR VALUE RECEIVED, the undersigned, , hereafter called "Borrower," hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic and THE COMMUNITY DEVELOPMENT COMMISSION OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter jointly called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth, in proportion to the initial assistance amount provided. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely $.

(C) Principal Sum. The original principal amount of this Note, namely $.

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest

therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to

agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =

24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's

decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

(A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");

(B) Borrower's failure or delay in performing any other term or provision of this Note;

(C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);

(D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;

(E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;

(F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default, if curable;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF

THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

_____

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

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

If to Borrower: To the Property address stated on Page 1 above.

_____
_____
_____
_____
_____
_____

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

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

_____

BORROWER

_____

BORROWER

EXHIBIT "L"

HACOLA SECONDARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

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

Recording Requested by and
When Recorded Mail To:

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

(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY1147)

This DEED OF TRUST is made this _____ day of ,200_, by and among (Buyer(s))_____ (herein, "Trustor"), (Title Company) (herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Los Angeles, State of California:

[*insert legal description or refer to attached Exhibit "A"*]

which has the address of , California (herein "Property Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein collectively referred to as the "Property".;

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 200 __, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: XXXXXXXXXXXX Dollars ($00000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 200 and extensions and ~~renewal~~ renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and

apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

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

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be

entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor continued in this Deed of Trust and

in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and Trustee, the book and page where this instrument is recorded, and the name and address of the successor Trustee. The successor Trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars ($60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

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

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

_____
Trustor

REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

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

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

WITNESS my hand and official seal.

_____
Signature

EXHIBIT "M"

TERTIARY FINANCING NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

Industry Fund - Project No.YY1147 82%
CDBG Project No. 1JP01X- __ 18%

_____, 20____ _____, California

Property Address:

Property Address City State Zip Code

FOR VALUE RECEIVED, the undersigned, , hereafter called "Borrower," hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic and THE COMMUNITY DEVELOPMENT COMMISSION OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter jointly called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth, in proportion to the initial assistance amount provided. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely $.

(C) Principal Sum. The original principal amount of this Note, namely $.

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest

therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to

agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =

24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's

decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

(A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");

(B) Borrower's failure or delay in performing any other term or provision of this Note;

(C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);

(D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;

(E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;

(F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default, if curable;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF

THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

_____

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

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

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

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

_____

BORROWER

_____

BORROWER

EXHIBIT "N"

TERTIARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

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

Recording Requested by and
When Recorded Mail To:

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

(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY1147)

This DEED OF TRUST is made this _____ day of ,200_, by and among (Buyer(s))_____ (herein, "Trustor"), (Title Company) (herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Los Angeles, State of California:

[*insert legal description or refer to attached Exhibit "A"*]

which has the address of , California (herein "Property Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 200 __, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: XXXXXXXXXXXX Dollars ($00000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 200 and extensions and ~~renewal~~ renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and

apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

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

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be

entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor continued in this Deed of Trust and

in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and Trustee, the book and page where this instrument is recorded, and the name and address of the successor Trustee. The successor Trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars ($60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

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

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

_____
Trustor

REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

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

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

WITNESS my hand and official seal.

_____
Signature

EXHIBIT "O"

ENVIRONMENTAL SPECIAL CONDITIONS

Mitigation Measures Required:

The following mitigation measures are required:

1. **Site Hazards.** All recommendations of the ongoing Phase II Environmental Site Assessment concerning remediation of any identified hazardous conditions shall be fully implemented. Any onsite contamination exceeding regulatory action levels shall be remediated in accordance with the requirements of the appropriate oversight agency.

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

3. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

4. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

   - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

   - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

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

EXHIBIT "P"

HACOLA REQUIREMENTS

EXHIBIT "P" TO LOAN AGREEMENT

HACOLA REQUIREMENTS

The Borrower agrees to comply with the following HACOLA requirements:

1. Termination for Improper Consideration

HACOLA may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any HACOLA officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, HACOLA shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a HACOLA officer or employee to solicit such improper consideration. The report shall be made either to HACOLA's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of HACOLA.

3. HACOLA's Quality Assurance Plan

HACOLA will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which HACOLA determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by HACOLA and Borrower. If improvement does not occur consistent with the corrective measure, HACOLA may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to HACOLA's Child Support Compliance Program

Borrower acknowledges that HACOLA has established a goal of ensuring that all individuals who benefit financially from HACOLA through contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by HACOLA's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or CSSD Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With HACOLA's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to HACOLA's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to HACOLA under any other provision of this Agreement, failure Borrower to cure such default within 90 calendar days of written notice shall be grounds upon which HACOLA may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to HACOLA policy.

6. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between HACOLA and the Borrower.

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

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

8. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of $100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

10. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

11. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

12. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex national origin, ancestry, age, marital status, or disabililty. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard

to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by HACOLA and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as HACOLA may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by HACOLA, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

13. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

14. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project to reduce the amount of solid waste deposited at the County landfills.

15. Borrower Responsibility and Debarment

A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of HACOLA to conduct business only with responsible Borrowers.

B. The Borrower is hereby notified that if HACOLA acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, HACOLA may, in addition to other remedies provided in the contract, debar the Borrower from bidding on HACOLA contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with HACOLA.

C. HACOLA may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or HACOLA, (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

D. If there is evidence that the Borrower may be subject to debarment, HACOLA will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. HACOLA may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of HACOLA.

H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners.

The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

16. Section 3 of the Housing and Community Development Act of 1968, as amended

A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement

is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

17. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

18. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

19. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth Attachment I to this Exhibit and is also available on the Internet at www.babysafela.org for printing purposes.

20. Borrower's Acknowledgment of HACOLA's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that HACOLA places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is HACOLA's policy to encourage all HACOLA Borrowers to voluntarily post

the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

21. Compliance With Jury Service Program.

A. Unless Borrower has demonstrated to HACOLA satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.

B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with HACOLA or a subcontract with a HACOLA contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more HACOLA contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by HACOLA, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for HACOLA under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.

C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify HACOLA if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. HACOLA may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to HACOLA's satisfaction that Borrower either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.

D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, HACOLA may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future HACOLA contracts for a period of time consistent with the seriousness of the breach.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form included as Attachment II to this Exhibit. HACOLA seeks to ensure that all HACOLA borrowers that receive or raise charitable contributions comply with California law in order to protect HACOLA and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

EXHIBIT "P1"

SAFELY SURRENDERED BABY LAW FACT SHEET

No shame.
No blame.
No names.

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

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

State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sin pena.
Sin culpa.
Sin peligro.

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

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

Estado de California
Gray Davis, Gobernador

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

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

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

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

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

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

¿Cómo funciona?

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

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

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

¿Sólo los padres podrán llevar al recién nacido?

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

¿Los padres deben llamar antes de llevar al bebé?

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

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

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

¿Qué ocurrirá con el bebé?

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

¿Qué pasará con el padre/madre?

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

¿Por qué California hace esto?

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

Historia de un bebé

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

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

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

EXHIBIT "P2"

CHARITABLE CONTRIBUTIONS CERTIFICATION

CHARITABLE CONTRIBUTIONS CERTIFICATION

Company Name

Address

Internal Revenue Service Employer Identification Number

California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

CERTIFICATION	YES	NO
Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.	( )	( )

OR

	YES	NO
Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.	( )	( )

Signature

Date

Name and Title (please type or print)