COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

August 15, 2006

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

Dear Commissioners:

APPROVAL OF DISPOSITION AND DEVELOPMENT AGREEMENT WITH CASA DOMINGUEZ, L.P., FOR DEVELOPMENT OF 70 UNITS OF AFFORDABLE MULTIFAMILY RENTAL HOUSING IN UNINCORPORATED EAST RANCHO DOMINGUEZ AND THE CITY OF COMPTON (2)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of Casa Dominguez, a 70-unit affordable multifamily rental housing development (the Project), located at 15787 South Atlantic Avenue (the Site) in the East Rancho Dominguez Redevelopment Area in the unincorporated community of East Rancho Dominguez and in the City of Compton.

2. Find that after the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, and required as a condition of project approval, the development of the Project will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; find that the Project will have no adverse effect on wildlife resources; and authorize the Executive Director of the Community Development Commission to

complete and file with the County Clerk a Certificate of Exemption for the project described above.

3. Find that the Environmental Assessment/Mitigated Negative Declaration reflects the independent judgment of the Commission, and instruct the Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA; and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action, for the Project described above.

4. Approve a Disposition and Development Agreement (DDA), presented in substantially final form, between the Commission and Casa Dominguez L.P., a California Limited Partnership (Developer), for development of the Project at the Site.

5. Authorize the Executive Director to approve the sale of the Site to the Developer for the appraised price of $1,685,000 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 Commission.

6. Authorize the Executive Director to provide a loan of $5,009,411 in HOME Investment Partnerships Program (HOME) funds for construction and permanent financing.

7. Authorize the Executive Director to set aside up to $500,941 in HOME funds for unforeseen costs related to predevelopment, construction, and permanent financing of the Project.

8. Authorize the Executive Director to provide a contingency of up to $105,000 in tax increment housing set-aside funds from the East Rancho Dominguez Redevelopment Project Area for unforeseen costs related to construction and permanent financing of the Project.

9. Authorize the Executive Director to execute documents, following approval as to form by County Counsel, to subordinate the loans to permitted construction and permanent financing, to enter into any necessary intergovernmental, interagency, or inter-creditor agreements, and to execute and modify all related documents as necessary for the implementation of said development.

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of the action is to approve a DDA between the Commission and the Developer for acquisition, construction and permanent financing of 70 units, 69 of which will be affordable to very low-income households, in the unincorporated community of East Rancho Dominguez and the City of Compton.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The loan of $5,009,411 in HOME funds will be evidenced by a Promissory Note and secured by a Deed of Trust for construction and permanent financing with a term of 55 years at three percent simple interest. It is anticipated that the HOME loan will be partially repaid with a loan of approximately $2,000,000 City of Industry Redevelopment Housing Set-Aside Funds for permanent financing.

In addition, a 10 percent contingency, in the amount of $500,941 in HOME funds, is being set aside for unforeseen costs related to predevelopment, construction and permanent financing of the Project.

The Developer will also execute a Community Development Block Grant Land Acquisition Loan of $1,685,000 for the appraised value of the Site. The loan will have a term of 55 years at three percent simple interest, and will be evidenced by a Promissory Note and secured by a subordinated Deed of Trust in favor of the Commission.

A contingency of up to $105,000 in tax increment housing set-aside funds from the East Rancho Dominguez Redevelopment Project Area will be available for unforeseen development costs.

The Project will have a development cost of $23,424,993. Private sources of permanent financing include $14,176,382 in tax credit equity from the Limited Partners, $1,849,200 from a conventional loan, $385,000 from the Federal Home Loan Bank's Affordable Housing Program and $320,000 in deferred developer fees.

All funds are included in the Commission's approved Fiscal Year 2006-2007 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In November 2003, the Commission held community meetings regarding future development of the Site. Also in November 2003, a Request for Proposals was issued to identify a firm that would develop the Site. As a result five proposals were received. The City of Compton was given an opportunity to participate in review of the proposals. As a result, the Developer's "Casa Dominguez" project was selected.

On August 3, 2004, your Board approved an Agreement to Negotiate Exclusively (Agreement) between the Commission and the Los Angeles Community Design Center, a non-profit public benefit corporation and the General Partner of Casa Dominguez L.P, to negotiate for the development of the Site. On June 14, 2005, your Board extended the Agreement for an additional 180 days. Since that time, the Commission and Developer have continued to negotiate in good faith to finalize all of the details contained in the attached DDA.

The Site consists of six contiguous parcels of land totaling 77,000 square feet. It will provide one three-bedroom unit for the on-site manager, and 10 one-bedroom units, 26 two-bedroom units, 23 three-bedroom units, and 10 four-bedroom units, all affordable to households with incomes that do not exceed 50 percent of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as established by the U.S. Department of Housing and Urban Development (HUD). Seven of these units will be reserved for Emancipated Foster Youth between the ages of 18 and 24. The Project is designed to provide the residents with a series of courtyards with outdoor space for children of all ages, as well as multiple community rooms and study lounges on the ground floor.

The Project will also include a family development center available to the public, which will serve the entire community at low cost. The family development center will include a 7,500 square foot childcare center, which will accommodate 66 children, a primary care health clinic, which will insure children have access to health care very early in life and a parent and family resource center.

Most of the Site is located in the unincorporated County area, but approximately one-sixth of the Site is located within the City of Compton. In addition, the Site is located within the East Rancho Dominguez Project Area. The Redevelopment Plan for the Project Area is currently being amended to be consistent with the development of affordable housing.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the Project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed Project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the Project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on May 11, 2004. Following the required public and agency comment period, HUD issued a Release of Funds for the project on May 30, 2004.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment would be used in

place of an Initial Study to satisfy CEQA requirements. The Environmental Assessment/Mitigated Negative Declaration was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

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

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

IMPACT ON CURRENT PROGRAM:

The proposed actions will increase the supply of affordable housing in unincorporated Los Angeles County.

Respectfully submitted,

Carlos Jackson

CARLOS JACKSON
Executive Director

CJ:LK

Attachments: 4

Attachment A
HOUSING FINANCIAL ANALYSIS
CASA DOMINGUEZ

The following is an analysis of funding for the project:

Development Phase:

	Total	Per Unit Cost
Sources		
Conventional Loan	$14,132,048	$201,886
LA County HOME - BMIR	5,009,411	71,563
CDBG - Land Acquisition	1,685,000	24,071
FHLB/AHP	385,000	5,500
Deferred Costs	1,023,250	14,618
Tax Credit Equity	1,190,284	17,004
TOTAL	**$23,424,993**	**$334,642**

Permanent Phase:

Sources		
Conventional Loan	$1,849,200	$26,417
LA County HOME - BMIR	3,009,411	42,992
City of Industry Funds (Proposed)	2,000,000	28,571
CDBG - Land Acquisition	1,685,000	24,071
FHLB/AHP	385,000	5,500
Deferred Developer Fee	320,000	4,571
Tax Credit Equity	14,176,382	202,520
TOTAL	**$23,424,993**	**$334,642**

DISPOSITION AND DEVELOPMENT AGREEMENT

FOR

DEVELOPMENT OF 15787 SOUTH ATLANTIC AVENUE,

EAST RANCHO DOMINGUEZ

by and between the

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

a public body corporate and politic

and

CASA DOMINGUEZ, L.P.

a California Limited Partnership

_____ ___, 2006

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DISPOSITION AND DEVELOPMENT AGREEMENT

Transaction Summary

Project Name: Casa Dominguez

Borrower Name: CASA DOMINGUEZ, L.P.

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

HOME Funds:

HOME Predevelopment/Construction Loan Amount: $5,009,411 Interest Rate: 3% simple, 10% Default,

HOME Permanent Loan Amount: $3,009,411

HOME Loans Repayment term: 55 years. Repayment type: ☒ residual receipts: pro rata share of (70%) of residual receipts shared with other residual receipts loans.

CDBG Funds:

CDBG Land Acquisition Loan Amount: $ 1,685,000 Interest Rate: 3% simple, 10% Default

CDBG Loans Repayment term: 55 years. Repayment type: ☒ residual receipts: pro rata share of (70%) of residual receipts shared with other residual receipts loans.

Total Number of Units in Project: 70 Number of assisted units 69

Location (Jurisdiction): Unincorporated East Rancho Dominguez and City of Compton

Site Acreage: 2.75 acres

Project Type: rental for ☐ Seniors ___ years and older ☒ Families ____
☐ special needs (specify:_____.

Use of HOME Funds: ☐ Acquisition ☒ Predevelopment ☒ Construction ☒ Permanent
☐ Collateral Pledge
☐ Rehabilitation ☐ _____

Use of CDBG Funds: ☒ Acquisition ☐ Construction ☒ Permanent
☐ Collateral Pledge ☐ Rehabilitation ☐ _____

Affordability 55 years; No./size of HOME units, income levels: 69 HOME units.**

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*		1	3	3	1	8
45% Income*		2	4	4	2	12
50% Income*		7	19	16	7	49
Manager				1		1
Totals		10	26	24	10	70

- * Area Median Income
- ** 7 units reserved for Emancipated Foster Youth

Other Permanent Project Financing Sources / Priority Relative to Commission Loans:
Note: Final funding amounts are subject to change.

(1) Conventional Loan $ 1,849,200 ☒senior ☐junior ☐parity/NA
(2) City of Industry (proposed) $ 2,000,000 ☐senior ☐junior ☒parity/NA
(3) Tax Credits $14,176,282 ☐senior ☐junior ☒parity/NA
(4) FHLB AHP $ 385,000 ☐senior ☒junior ☐parity/NA
(5) Deferred Developer Fee $ 320,000 ☐senior ☐junior ☐parity/NA

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

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is made as of the _____ day of _____, 2006, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and Casa Dominguez, L.P., a California Limited Partnership (listed in the Transaction Summary above) ("Borrower"). Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

RECITALS

A. WHEREAS, the Commission issued a Request for Proposals ("RFP") on November 17, 2003, for the development of certain real property located at 15787 South Atlantic Avenue (the "Site") in the East Rancho Dominguez Community Redevelopment Project Area (the "Project Area") in the unincorporated County and the City of Compton, and said RFP is incorporated herein by this reference in its entirety as though fully set forth.

B. WHEREAS, this Agreement is in response to the RFP, and the subsequent Agreement to Negotiate Exclusively, which was entered into between the Borrower and the Commission on August 31st, 2004 in accordance with the RFP's requirements, following selection of the Borrower's Development Proposal ("Development Proposal").

C. WHEREAS, Borrower desires to borrow the principal amount of up to FIVE MILLION NINE THOUSAND FOUR HUNDRED ELEVEN DOLLARS ($5,009,411) ("HOME Loan ") which shall be provided from the HOME Investment Partnerships Program, 24 CFR Part 92 ("HOME") Program funds, as described further below . The HOME Loan will be evidenced by a promissory note (the "HOME Note") attached hereto as Exhibit "C-1.", and secured by a Deed of Trust, in the form attached hereto as Exhibit "D," (the "Commission Deed of Trust").

D. WHEREAS, the Borrower desires to borrow the principal amount of ONE MILLION SIX HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($1,685,000) in Community Development Block Grant Program (CDBG) funds allocated to the Second Supervisorial District,("CDBG Land Acquisition Loan"), together with the HOME Loan collectively known as the Commission Loans ("Commission Loans"). The CDBG Land Acquisition Loan will be evidenced by a promissory note (the "CDBG Land Acquisition Note") attached hereto as Exhibit "C-2" and secured by the Commission Deed of Trust.

E. WHEREAS, the Project will be developed on the Site, which is legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "G", and reduced site plans and elevations for the Project are attached as Exhibit "I".

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

G. WHEREAS, Borrower intends to apply for Industry funds in the amount of $2,000,000 and should said Industry funds be awarded, may be used to repay all or a part of the HOME loan.

H. WHEREAS, Borrower shall cause the zoning of the Site (including obtaining any zone change, general plan amendment, redevelopment plan amendment, conditional use permit, and any

other needed permit, variance, or approval) to be such as to permit the development of the Project by the Borrower.

I. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for low-income persons as described in the Transaction Summary above, including the provision of seven (7) units of the housing units for Emancipated Foster Youth. The Borrower will provide supportive services ("Supportive Services") to the extent described in Section 8 below and in Exhibit "H". Additionally, the Project will provide community services ("Community Services") consisting of a childcare center, health clinic, family and parent resource center, which services shall be provided to Project residents as well as the surrounding community, as more particularly described in Exhibit "H".

I. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the HOME Note, CDBG Land Acquisition Note, Commission Deed of Trust and the "CC&R's" (as those terms are defined below) to secure repayment of the Commission Loan by Borrower as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

J. WHEREAS, the Commission desires to make available the Commission Assistance and convey the Site to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

DISPOSITION AND DEVELOPMENT AGREEMENT

1.0 PURPOSE OF AGREEMENT

1.1 Scope of Work.

The Borrower shall construct, or cause to be constructed, the Project on the Site as described further in Exhibit "G", and depicted in Exhibit "I". In addition to the housing units with affordability restrictions as described in the Transaction Summary, the Project will provide Community Services ("Community Services"), including a childcare center, health clinic, and parent resource center, as further described in Exhibit "H", which shall occupy a standalone structure with services available to project residents as well as the general public.

The Borrower shall reserve seven (7) units of the housing units in the Project to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems ("Emancipated Foster Youth"). For a period of One Hundred Eighty (180) days from the date of this Agreement, Borrower shall negotiate diligently and in good faith to the satisfaction of the Commission to enter into a Master Lease Agreement or other acceptable arrangement for such units with a third party organization approved by the Commission. If upon the expiration of that period, Borrower demonstrates to the satisfaction of the Commission that master-leasing units is not feasible, within 30 days, Commission shall issue written notice of waiver of this requirement.

2.0 PROMISSORY NOTES; LOAN REPAYMENT.

2.1 Notes

As one of the conditions to conveyance of the Site and disbursement of funds under Section 6 below, Borrower shall execute the HOME Note and CDBG Land Acquisition Note, collectively the Commission Notes (the "Commission Notes") in the form of Exhibits "C-1 and C-2" attached hereto, which Notes set forth terms and conditions for the repayment of the Commission Loan. The Commission Notes shall be secured by the Commission Deed of Trust in the form of Exhibit "D" attached hereto.

2.2 Interest

The disbursed and unpaid principal balance of the Commission Loan shall bear interest commencing on the date on which such Commission Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest, ("Commission Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty (360) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of seven (7) units per annum ("Commission Default Rate").

2.3 Payment Dates and Amounts; Term

As set forth in greater detail in the Notes, Borrower shall repay the Commission Loans, together with accrued interest in arrears, in annual installments on the 15th day of March of each calendar year for the previous fiscal year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to a pro-rata percentage share of seventy percent (70%) of all "Residual Receipts" (as defined in the Notes) for the prior calendar year. The pro-rata percentage share of seventy percent (70%) of all Residual Receipts will be calculated by dividing the outstanding principal balance of the Commission Loans by the sum of the outstanding principal balance of the Commission Loans and the outstanding principal balances associated with all other Residual Receipts loans, including the proposed Industry Residual Receipts Loan. Residual Receipts shall be calculated and reported to Commission annually for each fiscal year no later than March 15th of the following calendar year on forms specified and provided by Commission from time to time. All calculations and records are subject to audit by Commission. Notwithstanding any other provision of the Notes or this Agreement, unless due sooner, the entire outstanding principal balance of the Loans together with any outstanding interest and any other sums payable under the Notes shall be due and payable in full on the Maturity Date.

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

In addition to the foregoing, as additional payment towards the outstanding balance of the Commission Loans, within fifteen (30) days after receipt of Form 8609 from TCAC for the Project, Borrower will repay to Commission one hundred percent (100%) of any Unexpended Development Funds up to the unpaid principal balance of the Commission Loanss. Unexpended Development Funds is defined as (1) the total sources of financing received by the Project as of completion of construction and funding of all permanent financing sources, less (2) total development costs as incorporated in the development cost audit conducted in association with the application for the Form 8609 for the Project plus any reasonable additional costs approved by

Commission, including construction loan interest incurred after completion of the cost certification but prior to permanent loan conversion. Unexpended Development Funds include, but are not limited to any cost savings and unused contingency funds. Borrower shall promptly inform Commission of any changes in the amount, terms and/or sources of financing or funding of the Project. Unless otherwise approved by Commission, any increases in a financing source shall be utilized to repay Commission's loan amounts up to the unpaid principal balance of the Notes.

2.4 Payments Due on Transfer or Refinance.

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

2.5 Other Funding Sources

The Borrower shall submit in good faith an application to the California Tax Credit Allocation Committee ("TCAC") or whatever state agency which shall administer the Low Income Housing Tax Credit Program, for an allocation of Federal and/or State Tax Credits ("Tax Credits"). In the event that Tax Credits are obtained for the Project, upon receipt of the equity payments from the syndication of the Tax Credits, the Borrower shall apply the proceeds of the equity payments from the syndication of Tax Credits to pay for the Project's development costs. Borrower shall apply at least, but no more than, twice in successive applications for nine percent (9%) Tax Credits beginning with the 2006-B funding cycle.

The Borrower shall also submit in good faith an application to the Housing Authority of County of Los Angeles ("HACOLA") for the maximum allocation of Industry Funds ("Industry Funds") at the time of application.

3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Sections 1 and 2 above, upon the occurrence of any "Event of Default" as set forth in Section 17 below, the entire outstanding principal balance of the Commission Loans, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS.

At any time after the disbursement of the proceeds of the Loanand the conveyance of the Site, Borrower may prepay all or a portion of the unpaid principal amount of the Notes and accrued interest and any other sums outstanding without penalty. Borrower hereby agrees and understands that the prepayment of the Notes shall not relieve Borrower of the duty to comply with the covenants described in Sections 10, 12, and 13 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Notes' principal or interest thereon) due under the Notes or this Agreement, then toward outstanding interest accrued at the "Default Rate" of seven (7) units per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Notes.

5.0 SECURITY AND SOURCE OF PAYMENT.

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

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

6.0 ESCROW; CONDITIONS TO CONVEYING THE SITE/ DISBURSEMENT OF HOME FUNDS

6.1 Except to the extent Commission's Executive Director directs in writing that some or all of the other disbursement and/or deliveries shall occur outside of Escrow, the conveyance of the Site in accordance with this Agreement, delivery of the executed Note to Commission, and recordation of the Deed of Trust and other Loan Documents (as defined in Section 6.2(5) below) to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by Commission. Borrower shall obtain Commission's approval of an Escrow Holder and open Escrow not later than 60 days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

6.2 The following conditions are precedent to the Borrower's obligation to acquire the Site and the Commission's obligation to disburse up to $250,000 in HOME funds for predevelopment expenses under this Agreement, and if such conditions (collectively, the "Closing Conditions") are not satisfied on or before the date ("Closing Deadline") which is One Hundred Eighty (180) days following the date of this Agreement, the Borrower or Commission may elect to terminate this Agreement as specifically provided in each of the Sections of this Agreement referenced herein below.

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

(b) Borrower's due execution and deposit into Escrow of certified copies of the Notes;

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

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

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

(f) First American Title, North American Title, Chicago Title, Stewart Title, or another title company approved by the Commission ("Title Company") shall have assured the Commission in writing that upon recordation of the Deeds of Trust there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7, 116 and 122 and such other endorsements as the Commission shall reasonably require) issued by the Title Insurance Company in the amount of the Commission Loan , insuring the Commission's interest in the Property as beneficiary under the Deed of Trust, and specifically insuring that the lien of the Deed of Trust and the CC&R's against the Property are subject only to any exceptions to title applicable to the Property which were expressly approved in writing by the Commission ("Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing.

(h) Borrower shall have furnished the Commission and obtained Commission's approval of all soils, geologic reports and other development related reports existing with respect to the Site. Borrower hereby acknowledges that Commission'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 Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter.

(i) Borrower shall have furnished Commission with documentation satisfactory to Commission evidencing the coverages required by Section 10.8 below.

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

(k) Borrower has provided the Commission affirmative action and community

business enterprise plans in form satisfactory to the Commission;

(l) Borrower shall have furnished Commission and obtained Commission's written approval of a development budget in a form approved by the Commission;

(m) Borrower shall have furnished Commission and obtained Commission's written approval of a Schedule of Performance for the completion of the Project;

(n) Borrower shall have furnished the Commission with evidence satisfactory to the Commission that Supportive Services and Community Services will be provided as described in Exhibit "H".

(o) Borrower shall have furnished the Commission with a Master Lease Agreement, or other documentation acceptable to the Commission, between the Borrower and a service provider approved in writing by the Commission to make available seven (7) units of the housing units in the Project as permanent housing for Emancipated Foster Youth or obtained a written waiver of this requirement from the Commission.

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

(i) conveying title of the Site to the Borrower, by the Grant Deed (Exhibit "F"), as provided in Section 7.0 of this Agreement;

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

(iii) delivering the executed original Notes to the Commission;

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

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

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

6.5 Conditions Precedent to Commencement of Construction and Disbursement of HOME construction funds.

The commencement of construction and Commission's obligation to make disbursements of the proceeds of the Loan under this Agreement other than predevelopment disbursements authorized under Section 6.1 shall be subject to the satisfaction of the following conditions on or before the date specified in the Schedule of Performance (Exhibit "O").

(a) Borrower shall have provided Commission with documentation satisfactory to Commission that all environmental mitigation measures stipulated to ensure the project's

compliance with the National Environmental Protection Act (NEPA) and/or the California Environmental Quality Act (CEQA) have been completed or provided for in the Project's plans;

(b) Borrower shall have furnished Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in an amount equal to the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, and names Commission as an additional obligee; (C) a performance bond for 100 percent (100%) of the contract price, guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee; and (D) any other plans, documents and approvals by Commission required under Exhibit "N" to this Agreement, entitled "Construction Requirements

(c) Borrower shall have furnished Commission and obtained Commission's written approval of a revised development budget in a form approved by the Commission, or assured the Commission in writing that the development budget submitted at the Close of Escrow is unchanged;

(d) Borrower shall have obtained Commission's written approval of a Multi-Party Construction Disbursement Agreement and supplemental instruction to Escrow Holder, if applicable, specifying the applicable payees and uses of any Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement;

(e) Borrower shall have furnished Commission with evidence that it has received commitments on all of the sources of projected assistance as enumerated in the Sources and Uses attached as part of Exhibit "J", or substitutions mutually acceptable to Commission and Borrower therefor. Furthermore, Borrower shall have obtained from issuing agencies as a result of the 2006 rounds of Low Income Housing Tax Credits ("Tax Credits") administered by TCAC such allocations of Tax Credits as will have allowed it to attract equity investments at least in the amount shown in Exhibit "J", Development Budget;

(f) Borrower shall have (a) obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available; and (b) furnished and obtained the Commission's approval of an operating plan and a Management Plan for the Project, including the provision of Community Services. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision, any such revision just be submitted to the Commission no later than 90 days prior to the occupancy of the Project and shall be approved by the Commission at its sole discretion;

(g) Borrower shall have obtained Commission's written approval of an agreement entered into with United Friends of the Children, or another third party services provider approved by the Commission, which shall establish procedures whereby seven (7) units of the Project units shall be master leased or otherwise made available to the service provider to provide permanent housing for Emancipated Foster Youth or obtained a written waiver of this requirement from the Commission.

(h) Borrower shall have obtained Commission's written approval, which will not

be withheld unreasonably, of a Local Hiring Plan, in substantial conformance with the Development Proposal, and subject to the requirements described in Section 10.14.

(i) Borrower shall have completed the Commission Design Review Process in accordance with Exhibit (P);

The conditions set forth in this Section 6.5 shall be satisfied by the date set forth in the Schedule of Performance or such other date as may be agreed upon by the Borrower and Commission, unless Commission waives the condition. In the event a condition is not met, so long as the Borrower has in good faith used its best efforts to meet the condition, as determined by the Commission, then the parties will attempt to revise the Project in a mutually acceptable fashion. If any of the conditions set forth in this Section 6.5 are not waived or satisfied by the date for waiver or satisfaction set forth above, then either party may terminate this Agreement upon thirty (30) days written notice to the other party without further liability; provided, however, upon such notice of termination, the Developer shall promptly reconvey the Site to the Commission.

7.0 CONVEYANCE OF SITE.

Possession of the Site shall be delivered to the Borrower concurrently with the conveyance of title, except Borrower may have access to the Site before conveyance of title as permitted in Section 7.6 of this Agreement.

7.1 Condition of Title.

The Commission shall convey the Site to the Borrower, and the Borrower shall accept the Site from the Commission subject to (i) the terms, conditions and provisions set forth in the Grant Deed, Exhibit "F", the Commission Deed of Trust, Exhibit "D.", and (ii) such recorded easements, encumbrances, covenants, assessments, leases, taxes and other title matters (the "Title Matters") accepted by Borrower in accordance with this Section. The Borrower shall, within thirty (30) days after the date of this Agreement, deliver written notice to the Commission and the Escrow Holder approving or disapproving any such Title Matters and, in the event the Borrower fails to deliver such notice, any Title Matters shall be deemed approved by the Borrower. In the event that the Borrower timely disapproves of any Title Matter, the Commission shall have thirty (30) days (the "Title Cure Period") after receipt of the notice of such disapproval to elect, by written notice to the Borrower and to the Escrow Holder, to remedy such disapproval by agreeing, prior to the Close of Escrow, to obtain removal from title of the objectionable Title Matter or by obtaining an endorsement from the Title Company with respect to such Title Matter. In the event the Borrower timely and reasonably disapproves of any Title Matter and the Commission does not elect during the Title Cure Period to remedy such disapproval in the manner set forth above, then the Borrower may, as its sole and exclusive remedies, either, within ten (10) days after expiration of the Title Cure Period, terminate this Agreement by written notice to the Commission and the Escrow Holder, in which event neither Party hereto shall have any further obligation to the other hereunder, or proceed to the Close of Escrow, in which case the Borrower agrees to purchase the Site subject to the disapproved Title Matters.

7.2 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed, or imposed for any period prior to the conveyance of title shall be borne by the Commission. All ad valorem taxes and assessments levied or imposed after Close of Escrow shall be paid by the Borrower.

7.3 Conveyance Free of Possession

Except as otherwise provided in this Agreement, including, without limitation, Section 1.0 and Exhibit "F", attached hereto, the Site shall be conveyed free of any possession or right of possession by any person except that of the Borrower and any easements of record.

7.4 Zoning of the Site

Not as a Closing Condition but as a requirement per the Schedule of Performance, the Borrower at its sole cost and expense shall cause the zoning of the Site (including obtaining any general plan amendment, zone change, conditional use permit, site plan approval, variance, and other permit or approval) to be such as to permit the development, construction, and use of the Project in accordance with this Agreement. In the event that the Borrower is unsuccessful (by the date set 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, and use of the Project as provided herein above, this Agreement may be terminated hereto by either Party by written notice and the Borrower and the Commission shall have no further obligation hereunder. However, in no event shall the Borrower terminate this Agreement pursuant to this Section 7.4 without first giving the Commission thirty (90) days prior written notice of its intent to so terminate this Agreement in order to give the Commission the opportunity to cause such zoning to so conform. The Commission shall in no event have any responsibility to the Borrower in the event the Commission is unsuccessful in obtaining any required zoning changes or variances for the Site and the Borrower's sole remedy in such event shall be to terminate this Agreement.

7.5 Condition of the Site.

Notwithstanding anything to the contrary in this Agreement, Borrower acknowledges that prior to the Close of Escrow, Borrower will have had the opportunity to investigate all physical and economic aspects of the Site and the Project and make all inspections and investigations of the Site that Borrower deems necessary or desirable to protect its interests in acquiring the Site, including, without limitation, review of all documents delivered or made available by the Commission and such other documents, reports or studies prepared by such third-party consultants retained by Borrower as Borrower deems necessary or desirable, and, except as otherwise expressly set forth in this Agreement and any documents delivered by the Commission to Borrower at the Close of Escrow, neither the Commission nor anyone acting for or on behalf of the Commission, has made any representation, warranty, promise or statement, express or implied, to Borrower, or to anyone acting for or on behalf of Borrower, concerning the Site or the condition, use or development thereof.

Borrower further represents and warrants that, in entering into this Agreement, Borrower has not relied on any representation, warranty, promise or statement, express or implied, of the Commission, or anyone acting for or on behalf of the Commission, other than as expressly set forth in this Agreement or in the closing documents, and that all matters concerning the Site have been or shall be independently verified by Borrower prior to the Close of Escrow, and that Borrower shall purchase the Site on Borrower's own prior investigation and examination of the Site (or Borrower's election not to do so).

AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE COMMISSION, SUBJECT TO ANY EXPRESS REPRESENTATIONS AND WARRANTIES OF THE COMMISSION CONTAINED HEREIN (TO THE EXTENT OF THE LIMITED SURVIVAL PERIOD SET FORTH HEREIN), BORROWER IS PURCHASING THE SITE IN AN "AS IS" CONDITION AND IN AN "AS IS" STATE OF REPAIR, WITH ALL FAULTS. Except as may be set forth in this Agreement or in the closing documents, Borrower waives, and the Commission disclaims, all warranties of any type or kind whatsoever with respect to the Property,

whether express or implied, including without limitation, those of fitness for a particular purpose and use. Notwithstanding anything to the contrary herein, Borrower and the Commission acknowledge that any written disclosures by the Commission prior to the Close of Escrow shall constitute notice to Borrower of the matter disclosed, and Borrower shall be deemed to have knowledge of the same to the extent of such disclosure, and the Commission will have no further liability thereafter if Borrower thereafter consummates the transaction contemplated hereby. In particular, but not in limitation of the foregoing paragraph, the Commission shall not be responsible for any items of work on the Site, or matters caused by items of work on the Site, and it shall be the sole responsibility of the Borrower to investigate and determine the conditions of the Site including without limitation the soils conditions and the suitability of such soil conditions for the Borrower Improvements (as hereinafter defined) to be constructed by the Borrower. If the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Borrower to take such action as may be necessary to place the soil conditions of the Site in a condition suitable for the development of the Site.

If the soil conditions on the Site require remediation and the cost therefore is Twenty-Five Thousand Dollars ($25,000) or less, the Borrower shall pay to have a qualified contractor correct the conditions, provided, however, Borrower shall not be responsible for such remediation if this Agreement is terminated by Borrower as permitted under this Agreement. If the soils conditions found on the Site are reasonably determined by a qualified contractor to require remediation which will cost in excess of $25,000, the Borrower shall so notify the Commission in writing within thirty (30) days after the date of this Agreement and may thereby cancel this Agreement. In such event, neither Party hereto shall have any further obligation to the other under this Agreement and the Borrower shall have no further right to the Site If Borrower elects to proceed with the development of the Site, Borrower shall submit a revised funding plan to the Commission based on the expected cost of remediation and a plan to effect such remediation, both of which must be approved by the Commission in writing. If Commission does not approve the revised funding plan or remediation plan, the Borrower or Commission may cancel this Agreement, and neither Party hereto shall have any further obligation to the other under this Agreement and the Borrower shall have no further right to the Site.

7.6 Preliminary Work by the Borrower

Prior to conveyance of the Site the Borrower shall have the right of access to the Site at all reasonable times for the purpose of obtaining data, making surveys, preparing plans and conducting tests necessary to carry out this Agreement. The Commission shall have access to all data and information on the Site readily available from the Borrower, but without warranty or representing by the Borrower as to the completeness, correctness, or validity of such data and information. In the event that the Commission has previously performed preliminary work at the Site, including but not limited to the preparation of plans, surveys or environmental studies, this information shall be made available to the Borrower, upon request, without warranty or representing by the Commission as to the completeness, or validity of such data and information.

Any preliminary work undertaken on the Site by the Borrower shall be done at the sole expense of the Borrower. Copies of data, surveys, and tests obtained or made by the Borrower on the Site shall be filed with the Commission. Any preliminary work by the Borrower shall be undertaken only after securing any necessary permits from the appropriate governmental agencies. The Borrower shall indemnify and hold harmless the Commission and the County of Los Angeles ("County") and their officials, employees, agents, attorneys, and other representatives of the Commission and the County ("Commission/County Representatives"), and each of them, from and against any and all losses and liabilities resulting from any injury, death, damage to person or property, or other damages including, without limitation, damages incurred by the Commission respecting any work in relation to those portions of the Site entered by, or arising out of any activity

of, the Borrower or its contractors, subcontractors, agents, employees, invitees or licensees on, or relating to, such portions of the Site, except Borrower shall have no liability for claims or damages arising out of the Commission's negligence or willful misconduct.

8.0 SUPPORTIVE AND COMMUNITY SERVICES.

As an additional condition to obtaining the Commission Loans and acquiring the Site, Borrower agrees to provide for a 10 year period from the date of this Agreement services as referenced in the approved Development Proposal and its amendments. Borrower shall demonstrate to the Commission's reasonable satisfaction its diligent and in good faith efforts to assure continued availability of resources and its commitment to provide Supportive Services and Community Services throughout the term of this Agreement. Good faith efforts shall include but not be limited to filing timely applications with appropriate third party funding agencies approved by the Commission. Failure to comply with the terms of Exhibit "H" as described more fully in Sections 8.1 and 8.2, prior to expiration of any applicable notice and cure period will be deemed to be a default under this Agreement.

8.1 Supportive Services

Borrower shall for a 10 year period from the date of this Agreement provide Supportive Services as set forth in the form attached hereto as Exhibit "H".

8.2 Community Services

For a 10 year period from the date of this Agreement, the Project will provide Community Services consisting of a Family Development Center which includes a childcare center, health clinic, and family and parent resource center, which services shall be provided to Project residents as well as the surrounding community, as more particularly described in Exhibit "H".

9.0 PURPOSE OF COMMISSION LOAN.

9.1 The proceeds of the Commission Loan shall be used by Borrower only to pay eligible predevelopment costs and construction costs for the Project as represented in the approved Development Proposal, and as further described in the Development Proforma (the "Development Proforma") in the form of Exhibit "J". The proceeds of the Commission Loans shall only be disbursed to the Borrower as reimbursement for completed work.

9.2 To the extent otherwise permitted under this Agreement, Borrower (or an affiliate of Borrower previously approved by the Commission) may receive, from the Commission Loans proceeds, or other development funds available to Borrower, including equity, a fee ("Developer Fee") up to an amount permitted by TCAC or other lenders in connection with development of the Project, provided any amount greater than greater of the amount set forth in Exhibit "J" or as determined by published Commission guidelines in effect at the time the project is completed, is paid on a deferred basis out of the Project's cash flow.

9.3 The Loans shall be considered Permanent Financing at such time as the Project is completed in accordance with this Agreement. The Project shall be "completed," which shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in substantial compliance with the plans and specifications (collectively, "Plans") referenced in the Construction Contract which Borrower has entered into with a General Contractor with respect to the Project, and that all final permits and certificates necessary to the operation of the Project as contemplated herein, and releases, waivers and other instruments evidencing no claims, stop notices or mechanics liens existing with respect to the Project, have been

obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

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

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

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

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

10.0 COVENANTS OF BORROWER.

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

10.1 Compliance with Laws.

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 27, below; 24 CFR 570, 24 CFR 92, fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, reasonable attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

10.2 Revenue Disclosures.

Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at

Borrower's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

10.3 Other Reports.

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

10.4 Indemnification.

From and after the date hereof, Borrower shall indemnify, defend and save harmless Commission, Housing Authority of the County of Los Angeles, County of Los Angeles, and their members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims") including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Borrower's ownership of the Site or the Project, (ii) result directly or indirectly from Borrower's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement and/or making the Loans to Borrower; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission. This covenant shall remain in force and effect following the expiration of the terms of the Loans.

10.5 Audit by State and Federal Agencies.

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

10.6 Program Evaluation and Review.

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

10.7 Hazardous Materials.

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by Commission, Borrower shall indemnify, defend and hold Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by Commission, Borrower hereby releases and forever discharges Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

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

Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

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

10.8 Insurance.

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

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

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

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

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

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

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

PROJECT: Casa Dominguez
ADDRESS: 15787 S. Atlantic Ave., Compton, CA
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Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Borrower to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or Carrier.

10.9 Financial Statements; Tax Returns.

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

10.10 Other Loans.

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

10.11 Relocation Requirements.

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

10.12 Environmental Conditions.

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

10.13 Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Borrower in accordance with this Agreement, the Borrower 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, the Borrower 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 unauthorized by this Agreement (each, an "Unpermitted Lien"), provided, however, Borrower may contest in good faith mechanics liens provided that Borrower bonds over such liens to the reasonable satisfaction of the Commission. The Borrower shall remove or have removed any Unpermitted Lien made on 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 Borrower from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Borrower in respect thereto. The Borrower 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 Borrower agrees to pay when due any such possessory interest tax.

10.14 Local Hiring Plan

Borrower shall ensure that the hiring of employees associated with the Project is in substantial conformance with the Local Hiring Plan, as required as a condition prior to the commencement of construction. Commission reserves the right to monitor the execution of the Local Hiring Plan, subject to the conditions of Section 10.6, and may withhold up to five percent (5%) of the total amount associated with the HOME Loan if it determines that a good faith effort was not made by the Borrower, its affiliates, and its agents, to carry out the Local Hiring Plan, subject to

mutually agreed upon modification.

11.0 CONSTRUCTION.

11.1 Construction Requirements.

Following the Close of Escrow, Borrower shall cause predevelopment and construction work on the Project to commence promptly, proceed diligently, and achieve "Completion of the Project" in accordance with the Schedule of Performance, contained herein as Exhibit "O", subject to extensions for up to an additional 12 months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved Development Proposal to Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) receipt of lien waivers or evidence satisfactory to Commission that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "N", Construction Requirements, and shall conform in all substantial respects to the layout and design represented in Borrower's Development Proposal, or otherwise approved by the Commission. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

Prior to the commencement of construction, Borrower shall have furnished the Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by the Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in an amount equal to the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, has been recorded in the Official Records of Los Angeles, and names Commission as an additional obligee; (C) a performance bond for 100 percent (100%) of the contract price, guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee; and (D) any other plans, documents and approvals by Commission required under Exhibit "N" to this Agreement, entitled "Construction Requirements".

11.2 Concept Drawings.

The Borrower has submitted to the Commission and the Commission 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, which shall include any changes that are mutually agreed upon between the Borrower and the Commission.

11.3 Construction Plans, Drawings, and Related Documents.

In addition to the Basic Concept Drawings, the Borrower will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents (sometimes collectively referred to as the "Plans") to the Commission for architectural and site planning review and written approval. The Plans are to be in substantial conformance with the requirements set forth in this Agreement (including Exhibit "I"), consistent with the Basic Concept Drawings and conform to the 1994 Uniform 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 that shall 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 (Exhibit "O"), subject to extensions as are authorized herein or as mutually agreed to by the Parties.

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

11.4 Commission Approval of Plans.

Subject to the terms of this Agreement, Commission shall have the right of architectural and site planning review of all documents, including any changes therein. However, the Borrower shall also obtain any architectural and site planning review required by any agency, department, board, or commission of the County within the times required for review of such Plans and other submissions and changes therein by the Borrower and the Commission will cooperate fully with the Borrower's efforts to do so. The Borrower shall also submit any Plans and other submissions required for development permits or building permits to be issued by County departments or other public agencies.

The Commission shall approve or disapprove the Plans referred to in Section 11.3 of this Agreement within the times established in the Schedule of Performance, Exhibit "O". Any disapproval by Commission shall state in writing (the "Notice of Disapproval") the reasons for disapproval and the changes which the Commission requests be made. Such reasons and such changes must be consistent with this Agreement (including the Scope of Work), and any items previously approved or deemed approved hereunder by Commission. The Borrower, upon receipt of a Notice of Disapproval shall revise the Plans and resubmit them to Commission within thirty (30) days after receipt of the Notice of Disapproval or within a mutually agreed upon schedule for resubmission, and the deadline set forth in the Schedule of Performance by which Borrower is required to secure approval of such disapproved Plans shall be adjusted accordingly; provided, however, that in no case shall Commission be entitled to require changes inconsistent with this Agreement (and in particular the Scope of Work) and any previously approved items. 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 the Commission is required by law to hold a public meeting of the Commission, or any agency thereof, before the action specified is to be taken, the period for such action by the Commission shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Borrower shall have the right during the course of construction to make Minor Field Changes, as hereinafter defined, without seeking the approval of Commission. "Minor Field Changes" shall be defined as those interior changes from the approved Plans which will not be visible from the exterior of any structure on the Site, will not increase the cost of constructing the Project, and will not affect the ability of the Borrower to complete the Project in accordance with the Schedule of Performance. If the Borrower desires to make any change in the Plans after their approval by the Commission, other than a Minor Field Change, the Borrower shall submit the proposed change to the Commission for its written approval, which approval shall not unreasonably be withheld. The Commission shall not be deemed to have unreasonably withheld its consent to any proposed change by the Borrower (i) of any construction or equipment specification expressly set forth in the Plans previously approved, where substitute materials or equipment are proposed by the Borrower which Commission has solely determined to be of inferior quality; (ii) which does not conform to the Basic Concept Drawings, the Scope of Work, the approvals previously granted by the Commission under this Section 11.4, or other applicable requirements of this Section; (iii) if such proposed change increases the cost of the Borrower Improvements in excess of $ 15,000 ; or (iv) extends the Schedule of Performance more than 30 days. Commission shall approve or disapprove the proposed change and notify the Borrower in writing within thirty (30) days after submission to Commission.

The Borrower understands that any administrative approval by Commission staff or any approval by the governing board of Commission of any Plans or other submissions by the Borrower shall not be construed to constitute an approval by County of same and the 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 Borrower Improvements and the use of the Site.

11.5 Cost of Construction.

The cost of developing the Site and constructing all the Developer Improvements thereon shall be borne solely by the Borrower. The Commission and the Borrower shall otherwise each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

11.6 Construction Schedule.

The Borrower shall promptly begin and thereafter diligently prosecute to completion the construction of the Developer Improvements and the development of the Site. The Borrower shall begin and complete all construction and development within the times specified in the Schedule of Performance or reasonable extension of said dates as may be granted by Commission pursuant to Section 11.4 of this Agreement. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Borrower and the Commission.

During the period of construction, but not more frequently than once a month, the Borrower shall submit to the Commission a written progress report of the construction when and as requested in writing by the Commission. The report shall be in such form and detail as may reasonably be required by the Commission and shall include a reasonable number of construction photographs taken since the last report submitted by the Borrower.

11.7 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 Borrower shall, at its own expense, unless herein agreed, 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. The Commission may provide all assistance, including agreed upon financial assistance, deemed appropriate by the Commission. The Borrower shall secure all building permit(s) for the Developer Improvements no later than the date set forth in the Schedule of Performance.

11.8 Labor Requirements.

This construction project is funded in whole or in part with Federal funds. The Borrower and General Contractor shall comply with the Federal Labor Standard Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts (DBRA), which will be enforced. Whenever a discrepancy between Federal Regulations and State Law is found to exist, the more stringent of the two shall prevail. The applicable wage determination for this project is General Wage Decision CA020028, Modification 21 dated (December 2, 2005). The General Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Commission before the start of construction. The General Contractor shall submit to the Commission all of its payrolls for each pay period within seven (7) days after the pay period has ended. The General Contractor shall also collect, review and submit to the Commission all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period has ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period has ended, is a violation of this contract and entitles the Commission to withhold up to seven (7) units from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this contract which may result in the Commission terminating the contract for default. The Community Development Commission's Labor Compliance Guidelines are incorporated herein by reference and made apart of this agreement.

11.9 Certificate of Completion

Upon Completion of the Project as defined in Section 9.3 above, the Commission shall furnish the Borrower with a certificate of completion duly executed by Commission ("Certificate of Completion") upon Borrower's written request. Such 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.

A Certificate of Completion shall be, and shall state that it is, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site covered by the Certificate of Completion 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 Deed of Trust, and/or other instruments of transfer in accordance with the provisions of Section 31 of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Commission, the County, nor any other person shall have any rights, remedies, or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in the Grant Deed of the Site to Borrower, which shall be in accordance with the provisions of Section 31 of this Agreement.

The Commission shall not unreasonably withhold the Certificate of Completion. If the Commission refuses or fails to furnish a Certificate of Completion for the Site after such written request from the Borrower, the Commission shall, within thirty (30) days of such written request,

provide the Borrower with a written statement of the reasons the Commission refused or failed to furnish a Certificate of Completion. The statement shall also contain the Commission's opinion of the action the Borrower must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping, the Commission will issue its Certificate of Completion upon the posting of a bond by the Borrower with the Commission in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Borrower 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.

11.10 Infrastructure.

Borrower shall be responsible for constructing all required infrastructure in connection with the development of the Project. Required infrastructure includes, but is not limited to, all infrastructure necessary to support the Project, as determined by a comprehensive Infrastructure Survey, if needed in order to make this determination, and any infrastructure required by any governmental entity whose authority affects the project.

12.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

12.1 Limitations on Tenants.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 55-year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development, including Supportive and Community Services as described in Exhibits "H.1" and "H.2", with the number of dwelling units and, with respect to the units designated to be assisted as consideration for the Loans (" Assisted Units"), 69 Assisted Units shall be in accordance with the tenant income levels specified in the Transaction Summary of this Agreement. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Very Low Income Households", "45 Percent Income Households", and "30 Percent Income Households", as hereinafter defined (persons within either group occasionally referred to as "Eligible Persons").

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

"Forty-five Percent Households" shall mean persons and families whose gross annual household incomes do not exceed forty-five percent (45%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Thirty Percent Households" shall mean persons and families whose gross annual household incomes do not exceed thirty percent (30%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

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

(i) for an Eligible Person within a Very Low-Income Household, the lesser of the product of thirty percent (30%) times fifty

percent (50%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

(ii) for an Eligible Person within a Forty-five Percent Income Household, the lesser of the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

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

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

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

12.2 Tenant Selection Process; Reports and Records Concerning Tenancies.

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by Commission to monitor compliance with the tenanting requirements described in Section 12.1 above, including without limitation the requirement that Borrower deliver reports to Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by Commission to certify such Borrower's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 12.1.

12.3 Management of Project.

Subject to the terms and conditions contained herein below, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Commission's written approval of a management contract ("Management Contract") entered into between Borrower and Design Center Housing Services or another entity ("Management Entity") mutally acceptable to

Commission and the Borrower. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 12.1.

12.4 Operations and Maintenance.

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

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

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

13.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

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

13.1 Form of Nondiscrimination and Nonsegregation Clauses.

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

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

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Borrowers, lessees, sublessees, subBorrowers, or vendees in the land herein leased."

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

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

14.0 COMMISSION REQUIREMENTS

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

15.0 INDEPENDENT CONTRACTOR.

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

workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

16.0 ASSIGNMENT OF THIS AGREEMENT.

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

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

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

17.0 EVENTS OF DEFAULT AND REMEDIES.

17.1 Borrower Events of Default.

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

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

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Notes or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from

any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafterwith the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 17.1(d) through 17.1(g) below;

(c) The failure of Borrower to comply with an item in the Schedule of Performance as described in Exhibit "I", following written notice of such failure by the Commission specifying the nature of the deficiency, and the failure by Borrower to cure the deficiency to the Commission's satisfaction within the cure period set forth in Section 17.1(b) above.

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

(e) 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;

(f) 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;

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

(h) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 16.0 above or Section 31.0 below; or

(i) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured

within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

(k) Borrower shall fail to provide Community and Supportive Services as described in Section 8.0 as determined by the Commission in its reasonable discretion, and such failure is not cured within the time frame set forth in Section 17.1(b) above.

17.2 Commission Remedies.

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

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

(b) Subject to the nonrecourse provisions of Section 5 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the Notes, 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 Agreement or under any other document executed in connection herewith, to include foreclosure on the Site and any Development Improvements made to the Site;

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

(d) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default described in Section 17.1(d) or 17.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Notes and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

17.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such

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

17.4 Commission Default and Borrower Remedies.

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

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

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

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

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

18.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the Loan Documents as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment.

In addition to the foregoing, Borrower agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, the Notes, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

19.0 RIGHT OF ACCESS AND INSPECTION.

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

20.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

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

21.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

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

22.0 EXECUTION OF COUNTERPARTS.

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

23.0 NOTICES.

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

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

24.0 SEVERABILITY.

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

25.0 INTERPRETATION.

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

26.0 NO WAIVER; CONSENTS.

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

27.0 APPLICABLE POLICIES.

A. Governing Law.

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

B. Compliance with Laws.

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

C. HOME Program and Federal Requirements.

In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "K".

28.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to Commission that:

A. Organization and Standing.

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

B. Enforceability.

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

C. Authorization and Consents.

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

D. Due and Valid Execution.

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

E. Licenses.

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

F. Litigation and Compliance.

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 to the best of

the Borrower's knowledge have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default.

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

H. No Violations.

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

I. No Affiliation With Lenders.

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

29.0 APPROVALS.

Any consent to a transfer under Section 16 or 31 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

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

30.0 GOOD FAITH AND FAIR DEALING.

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

31.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

31.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of

its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the HOME Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 16.0 hereof, if applicable, without Borrower obtaining any further consent from Commission. Borrower hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

31.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 31 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 31 In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the Loan Documents accruing subsequent such effective date.

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

31.4 The provisions of this Section 31 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

32.0 ACCESS AND RETENTION OF RECORDS.

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

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 12.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

33.0 SCHEDULE OF PERFORMANCE/PROJECT DESCRIPTION.

The parties hereby acknowledge that the Project Description (Exhibit "G") and the

Schedule of Performance (Exhibit "O") attached hereto reflects the parties' best estimations as of the date hereof. The parties understand that additional changes may be necessary and/or desirable and as such agree to cooperate in good faith to review and approve such changes. The terms "Schedule of Performance" and "Project Description", as used herein, shall be deemed to include any changes mutually agreed to by the parties.

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

COMMISSION:

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

By:_____
Carlos Jackson, Executive Director

BORROWER:

Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center, a California a non profit corporation,
its General Partner

By: _____
Amy N. Anderson, Housing Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER, Jr.
County Counsel

By:_____
Deputy

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EXHIBIT "A" TO DDA
DIRECTORY OF DEFINED TERMS

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

Affordable Housing Cost (Section 12.1)
Agreement (Preamble)
Annual Statement (Section 10.9)
Applicable Governmental Restrictions (Section 10.1)
Applicable Percentage (Section 2.4)
Area Medium Income (Section 12.3)
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Close of Escrow (Section 6.3)
Closing Conditions (Section 6.2)
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Commission (Preamble)
Commission Basic Rate (Section 2.2)
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Commission Default Rate (Section 2.2)
Commission Notes (Section 2.1)
Community Services (Section 8)
Completion of the Project (Section 11.11)
Construction Contract (Section 6.5(b))
Construction Requirements (Section 6.5 (b))
County (Section 10.11)
Developer Fee (Section 9.1)
Development Proforma (Section 9.1)
Development Proposal (Recital B)
Eligible Persons (Section 12.1)
Emancipated Foster Youth (Section 1.1)
Escrow (Section 6.1)
Escrow Holder (Section 6.1)
Event of Default (Section 17.1)
Forty-Five Percent Income Households (Section 12.3)
General Contractor (Section 6.5(b))
Grant Deed (Section 7.2)
Gross Rents (Section 10.9)
HACOLA (Section 2.5)
Hazardous Materials (Section 10.7)
HOME (Recital C)
HOME Loan (Recital C)
Industry Funds (Section 2.5)
Junior Financing (Recital F)
Loan (Recital A)
Loan Documents (Section 6.2(e))
Management Contract (Section 12.3)
Management Entity (Section 12.3)
Manager (Section 12.3)
Maturity Date (Section 2.3)
Net Proceeds (Section 2.4)
Net Refinancing Proceeds (Section 2.4)
Note (Section 2.1)
Notice of Disapproval (Section 11.4)
Operating Expenses (Section 9.9)
Other Financing (Recital B)
Parties (Preamble)
Party (Preamble)
Permitted Senior Encumbrances (Section 6.2(f))
Plans (Section 9.3)
Project (Recital A)
Project Area (Recital A)
Property (Section 5)
Refinancing (Section 2.4)
Residual Receipts (Section 2.3)
RFP (Recital A)
Senior Financing (Recital B)
Site (Recital A)
Subordination Agreement (Section 6.3(i))
Supportive Services (Section 8)
Tax Credits (Section 2.5)
TCAC (Section 2.5)
Term (Section 2.3)
Thirty Percent Income Households (Section 12.1)
Title Company (Section 6.2(f))
Title Cure Period (Section 7.1)
Title Matters (Section 7.1)
Transfer (Section 31.1)
Transfer Documents (Section 31.2)
Transfer Notice (Section 31.2)
Unpermitted Lien (Section 10.13)
Very Low Income Households (Section 12.1)

EXHIBIT "A" TO DDA
DIRECTORY OF DEFINED TERMS

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

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Claims (Section 10.4)
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Closing Conditions (Section 6.2)
Closing Deadline (Section 6.2)
Commission (Preamble)
Commission Basic Rate (Section 2.2)
Commission Deed of Trust (Section 5)
Commission Default Rate (Section 2.2)
Commission Notes (Section 2.1)
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Development Proforma (Section 9.1)
Development Proposal (Recital B)
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Emancipated Foster Youth (Section 1.1)
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Event of Default (Section 17.1)
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Gross Rents (Section 10.9)
HACOLA (Section 2.5)
Hazardous Materials (Section 10.7)
HOME (Recital C)
HOME Loan (Recital C)
Industry Funds (Section 2.5)
Junior Financing (Recital F)
Loan (Recital A)
Loan Documents (Section 6.2(e))
Management Contract (Section 12.3)
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Subordination Agreement (Section 6.3(i))
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TCAC (Section 2.5)
Term (Section 2.3)
Thirty Percent Income Households (Section 12.1)
Title Company (Section 6.2(f))
Title Cure Period (Section 7.1)
Title Matters (Section 7.1)
Transfer (Section 31.1)
Transfer Documents (Section 31.2)
Transfer Notice (Section 31.2)
Unpermitted Lien (Section 10.13)
Very Low Income Households (Section 12.1)

EXHIBIT "B" TO DDA

SITE LEGAL DESCRIPTION

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT “C-1” TO DDA

HOME NOTE

HOME NOTE
(HOME - PROJECT NO. HE0087)

$5,009,411 _____ ___, 2006

For value received, the undersigned, Casa Dominguez, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of FIVE MILLION NINE HUNDRED THOUSAND FOUR HUNDRED ELEVEN DOLLARS ($ 5,009,411) (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 _____, ___, 200__, entered into between Borrower and the Commission (the "DDA"), and the terms and conditions of this promissory Note (this "Note"). As set forth in greater detail in the DDA, the purpose of the Loan is to provide Borrower with predevelopment, construction and permanent in connection with a housing project ("Project") on a site more particularly described in the DDA ("Site").

1. Interest.

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

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to Fifty Two percent (52%) of "Residual Receipts" for the prior calendar year, as defined herein. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

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

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

1.5 Definition of Residual Receipts.

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

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only

to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed $10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than $200.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties, (vi) to the extent not otherwise included in Operating Expenses, amounts paid into and from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense, (vii) deferred developer fee; and (viii) an annual social services coordination fee of up to $20,000.

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

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

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

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

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

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project,

including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

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

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

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

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to HACOLA), the entire

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

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

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

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

3. Prepayment; Application of Payments.

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

5. Obligation of Borrower Unconditional.

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 DDA, 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 DDA or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide predevelopment construction and construction] for the housing development described in the DDA. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

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

7.1 Compliance with DDAand Deed of Trust. Borrower shall comply with all of its obligations under the DDA and the Deed of Trust. Any amounts payable by Borrower under the DDA 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 Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

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

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 DDA, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

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

notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

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

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

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

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

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the DDA;

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

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

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law)

interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

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

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

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

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

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

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

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

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

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

10. Agreement to Pay Attorneys' Fees and Expenses.

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

11. Conflict of Interest; No Individual Liability.

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

12. Amendments, Changes and Modifications.

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 Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

14. Severability.

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

15. Interpretation.

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

16. No Waiver; Consents.

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

17. Governing Law.

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 Commission that:

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

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

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

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

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

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

G. Default. 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 DDA 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.

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

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

Any consent to a Transfer under Section 30 of the DDA and any other consent or approval by the Commission under this Note, the Deed of Trust, the DDA or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

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

21. Waiver.

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

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

BORROWER:
Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center, a California a non profit corporation,
its General Partner

By: _____
Amy N. Anderson, Housing Director

EXHIBIT "C-2" TO DDA

CDBG LAND ACQUISITION NOTE

CDBG LAND ACQUISITION NOTE
(CDBG- PROJECT NO. _____)

$1,685,000 _____, 2006

For value received, the undersigned, Casa Dominguez, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of ONE MILLION SIX HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($1,685,000) (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 _____, ____, 200__, entered into between Borrower and the Commission (the "DDA"), and the terms and conditions of this promissory Note (this "Note"). As set forth in greater detail in the DDA, the purpose of the Loan is to provide Borrower with predevelopment, construction and permanent in connection with a housing project ("Project") on a site more particularly described in the DDA ("Site").

1. Interest.

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

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to Eighteen percent (18%) of "Residual Receipts" for the prior calendar year, as defined herein. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

1.3 Calculation of Residual Receipts. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall

any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

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

1.5 Definition of Residual Receipts.

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

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed $10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than $200.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties, (vi) to the extent not otherwise included in Operating Expenses, amounts paid into and from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense, (vii) deferred developer fee; and (viii) an annual social services coordination fee of up to $20,000.

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

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

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

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

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

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

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

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Projector transfers for the furtherance of financing permitted by the DDA

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

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder,

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

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

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

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

3. Prepayment; Application of Payments.

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

5. Obligation of Borrower Unconditional.

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 DDA, 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 DDA or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide land acquisition] for the housing development described in the DDA. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

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

7.1 Compliance with DDA and Deed of Trust. Borrower shall comply with all of its obligations under the DDA and the Deed of Trust. Any amounts payable by Borrower under the DDA 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 Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

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

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 DDA, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

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

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

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

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

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

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the DDA;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the DDA) or any other secured or unsecured obligation relating to the

Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

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

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

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

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

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

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

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

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

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

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

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

10. Agreement to Pay Attorneys' Fees and Expenses.

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

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any

corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications.

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 Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

14. Severability.

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

15. Interpretation.

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

16. No Waiver; Consents.

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

17. Governing Law.

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 Commission that:

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

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

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the

operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

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

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

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

G. Default. 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 DDA 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.

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

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

Any consent to a Transfer under Section 30 of the DDA and any other consent or approval by the Commission under this Note, the Deed of Trust, the DDA or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

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

21. Waiver.

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

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

BORROWER:

Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center,
a California a non profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

EXHIBIT “D” TO DDA

COMMISSION DEED OF TRUST

OFFICIAL BUSINESS

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

Recording Requested by and When Recorded Mail To:

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

Above Space For Recorder's Use Only

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

(HOME - PROJECT NO. HE0087)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2006, by and between CASA DOMINGUEZ, L.P., a California Limited Partnership ("Trustor") whose address is 701 East 3rd Street, Suite 400, Los Angeles, California; United Title Insurance Corporation ("Trustee"); and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of Six Million Six Hundred Ninety Four Thousand Four Hundred Eleven Dollars ($6,694,411) (the "Loan") pursuant to that certain Disposition and Development Agreement (the "DDA") entered into by Trustor and Beneficiary and dated as of February ___, 2006. The Loan is evidenced by two promissory notes of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

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

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

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

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

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

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

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

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

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property

and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

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

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

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

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

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

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

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

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

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

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the DDA, 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 DDA, 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 DDA or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

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

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

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

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

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured

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

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

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

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

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

at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

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

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

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

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

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

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

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining

portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

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

17. Covenants of Trustor.

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

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

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

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

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

cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the DDAor 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 16 of the DDA);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the DDA), the Supportive Services Agreement (as defined in, and if applicable under, Section 8 of the DDA) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

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

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in

Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

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

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

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise)

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

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

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

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

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

performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

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

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

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

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

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

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

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

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, except as setforth in the DDA which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the DDA), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 16.0 of the DDA without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the DDA or this Deed of Trust.

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

binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

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

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

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

TRUSTOR:

CASA DOMINGUEZ, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center,
a California non-profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

BENEFICIARY:

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

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

WITNESS my hand and official seal.

_____
Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY
(HOME – PROJECT NO. HE0087)

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT “E” TO DDA

CC&Rs

RECORDING REQUESTED BY AND AFTER RECORDATION, MAIL TO:

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

(Space Above Line for Recorder's use)

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

COVENANTS, CONDITIONS, AND RESTRICTIONS

(HOME - PROJECT NO. HE0087)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the _____ day of _____, 2006 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and Casa Dominguez, L.P., a California Limited Partnership ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Disposition and Development Agreement ("DDA") dated as of the _____ day of _____, 2006, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of SIX MILLION SIX HUNDRED NINETY FOUR THOUSAND FOUR HUNDRED ELEVEN Dollars ($6,694,411) (the "Loan") for the purpose of providing financing for the housing development described in the DDA (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this DDA (the "Site").

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

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

(1) Use of the Property.

a. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Fifty-Five (55) Year term of this Agreement ("Term") commencing on the date of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of developing and operating the Project as a residential rental development consisting of 70 dwelling units, which shall be operated in accordance with the terms of this Agreement. Of the 70 total dwelling units in the Project, 69 units (the "HOME Assisted Units") shall be income-restricted and rented only at an "Affordable Housing Cost" (as defined below) and only to households meeting the income criteria applicable to the unit as provided in the following table:

	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*	1	3	3	1	8
45% Income*	2	4	4	2	12
50% Income*	7	19	16	7	49
Manager			1		1
Totals	10	26	24	10	70

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

The Owner shall reserve seven (7) of the housing units in the Project to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems ("Emancipated Foster Youth"). For a period of One Hundred Eighty (180) days from the date of this Agreement, Owner shall negotiate diligently and in good faith to the satisfaction of the Commission to enter into a Master Lease Agreement or other mutually acceptable arrangement for such units with a third party organization approved by the Commission. If upon the expiration of that period, Owner demonstrates to the satisfaction of the Commission that master-leasing units is not feasible, within 30 days, Commission shall issue written notice of waiver this requirement.

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

"Forty-five Percent Households" shall mean persons and families whose gross annual household incomes do not exceed forty-five percent (45%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Thirty Percent Households" shall mean persons and families whose gross annual household incomes do not exceed thirty percent (30%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

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

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

(ii) for an Eligible Person within a Forty-five Percent Income Household, the lesser of the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

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

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

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

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

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements

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

c. Owner shall provide, in accordance with the Supportive Services Agreement or description of services attached to this Agreement as Exhibit "H1and H2", certain supportive services for residents of the Project, as described in the Exhibit "H1 and H2" throughout the Term of this Agreement.

(2) Management of Project. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project, including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain The Commission's written approval (which shall not be unreasonably withheld, conditioned or delayed) of a management contract ("Management Contract") entered into between Owner and an entity ("Management Entity") reasonably acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Paragraph (1) of this Agreement.

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

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

permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

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

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

(4) Performance of Maintenance.

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

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

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

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

Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

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

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

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

(v) The Commission may enter and inspect the premises at any time after notifying Owner 72 hours prior to the planned inspection, and said notice shall be delivered to Owner at the address indicated in paragraph 17(e) below.

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

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

(6) [Reserved.]

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

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

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

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

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

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

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

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

(9) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. the Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by

any owner of any other real property or any person or entity having any interest in any such other real property.

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

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

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

a. Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of a least one million dollars ($1,000,000) for each occurrence ($2,000,000 General Aggregate), including products and completed operations coverage. The Commission and all the Commission Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Owner, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Said insurance shall be maintained continuously for as long as Owner shall own the Site, and shall be endorsed to require thirty (30) days prior written notice from insurer to the Commission before cancellation or reduction in coverage. Owner shall require its contractor to include the Commission and the Commission Representatives as additional insureds on all general liability insurance covering work at the Site. The policy shall contain a waiver of subrogation for the benefit of the Commission.

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

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

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

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

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

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

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

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance

and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

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

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

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

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

(16) Miscellaneous Provisions.

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

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

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

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

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

If to the Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax : (323) 890-8584

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax (323) 890-8576

If to Owner: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

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

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

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

COMMISSION:

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

By:_____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

OWNER:

CASA DOMINGUEZ, L.P.
California Limited Partnership

By: Los Angeles Community Design Center,
a California non profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF SITE

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT "B" TO CC&Rs

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

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

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

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

EXTERIOR PROPERTY AREAS

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

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

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

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.

E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".

F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.

G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.

H. Faucets. Faucets and handles shall work properly.

I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.

J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

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

INTERIOR PROPERTY AREAS

K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.

L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.

M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or

vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.

N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mod. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.

O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.

P. Plumbing Fixtures.

i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.

ii. Drains shall be tested by a 30-second luke warm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.

iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.

iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.

v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.

Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.

R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.

S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.

T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.

U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.

V. Attic. Accessible attics shall be free of litter.

W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.

X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

EXHIBIT "C" TO CC&Rs

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

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

DWELLING UNIT -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GARBAGE DISPOSER: Clean, intact, working properly without excessive nose; splashguard in place, intact, firm.

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

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

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

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

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

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

PESTS, VERMIN: No evidence of presence/infestation.

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

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

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

COMMON AREAS, GROUNDS AND STRUCTURES -

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

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

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

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

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

MAILBOXES: Clean; clearly labeled; individual boxes secure.

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

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

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

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

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

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

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

GROUNDS AND STRUCTURES

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

UTILITY METERS: Intact, covers secure.

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

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

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

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

EXHIBIT "D" TO CC&RS

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

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

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

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

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

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

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

Periodic interior and exterior painting.

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

Inspecting underground facilities for corrosion and control thereof.

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

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

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

Checking fire safety equipment for operable use.

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

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

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

EXHIBIT “F” TO DDA

GRANT DEED

FREE RECORDING REQUESTED BY:
Community Development Commission
of the County of Los Angeles
(California Government Code Section 6106)

AFTER RECORDING, MAIL TO:
Los Angeles Community Design Center
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Robin Hughes, Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned declares that the documentary transfer tax is _____and is:

☒ Computed on the full value of the interest or property conveyed, or is
☐ Computed on the full value less the value of liens or encumbrances remaining at time of sale.
The land is located in ☒ Unincorporated area of Los Angeles County ☒ City of: Compton and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Community Development Commission of the County Of Los Angeles,
a public body corporate and politic

hereby GRANT(S) to

Casa Dominguez, L.P., a California Limited Partnership

the real property in the County of Los Angeles, State of California, described as:

APN: 6181-027-900, 6181-027-901, 6181-027-902, 6181-027-903, 6181-027-904, and 6181-027-905

As more particularly described in Attachment 1.

Community Development Commission
of the County Of Los Angeles

Dated : _____

By _____
Carlos Jackson, Executive Director

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

On _____, _____ before me, _____, a Notary Public, personally appeared Carlos Jackson , personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT “G” TO DDA

PROJECT DESCRIPTION

EXHIBIT G

PROJECT DESCRIPTION
(HOME - PROJECT NO. HE0087)

Casa Dominguez will provide 70 new units of rental apartments for working families and emancipated foster youth. Seven (7) of the housing units in the Project will be reserved to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems. Additionally, the Los Angeles Community Design Center (LACDC) has partnered with Children's Collective and St. John Well Child and Family Center to develop the Family Development Center, which joins childcare with a primary care health clinic and parent/family resource center. The Family Development Center (FDC) is an acclaimed innovative model for families in lower income and underserved communities, such as East Rancho Dominguez, that insures children access to health care services very early in life. The proposed FDC will serve the entire community at little or no cost, providing childcare for infants through after-school age, and health services ranging from children's vaccinations, and woman's care to mental health counseling and treatment for diabetes.

Casa Dominguez is designed and organized around a series of courtyards, providing outdoor space to meet the needs of children ranging in age from infants and toddlers to teens. There are a total of 70 units that consist of 10 one-bedroom units, 26 two-bedroom units, 24 three-bedroom units, and 10 four-bedroom units, with multiple community rooms and study lounges at the ground floor of the property. There is one un-restricted, three-bedroom manager's unit. The balance of the units will serve families at or below 50% of the area median income, with rents ranging from $321 to $790 based on unit size and family income level.

The Family Development Center – with its public childcare center, health clinic, and parent and family resource center – fronts Atlantic Boulevard and sits at the north east corner of the property, anchoring the development while providing a single story commercial presence to the Atlantic corridor and Linsley Street. There is a single pedestrian entrance to the Family Development Center as well as a single vehicular entry at the southern end of the health clinic. The 7,500 square foot Childcare Center is arranged around a central playground, with all classrooms facing the interior yard and windows along both interior and exterior perimeter walls. The 2,500 square foot Health Clinic is organized along a single hallway (along Atlantic), with multiple exam rooms and small counseling offices. Within the development is the 1,000 square foot Family/Parent Resource Center.

EXHIBIT “H” TO DDA

SUPPORTIVE AND COMMUNITY SERVICES

SUPPORTIVE SERVICES
(HOME - PROJECT NO. HE0087)

At a minimum, the following services will be provided by the Borrower to residents of Casa Dominguez:

- After-school Enrichment: the Borrower shall provide services that provide both academic support and self-esteem building activities for resident children. Activities of the program will include reading, tutoring, art, and educational field trips.

- Computer Learning Lab: the Borrower shall install and staff a computer learning lab consisting of at least eight workstations. The Lab will be open for after school enrichment on weekdays during school sessions and from at least 3:00 to 6:00 p.m. A Computer Lab Supervisor will provide a combination of structured activities and support for individual learning. Additionally, the Lab will be available to be scheduled for use by residents as an open lab time, and by visiting instructors who integrate technology into their subject matter.

- Life Skills: the Borrower shall provide for a Resident Services Coordinator, who, in collaboration with the Resident Advisory Council, will schedule life skills workshops for residents of the Project.

COMMUNITY SERVICES
(HOME - PROJECT NO. HE0087)

Community Services are services which the Borrower shall make available to the community at large for little or no cost throughout the term of the Loans. The services to be provided shall be through a Family Development Center which shall provide childcare with a primary care health clinic and parent resource center, currently anticipated to be provided through a partnership with Children's Collective and St. John's Well Child Center.

- Childcare Center: Childcare services shall be provided for infants through after-school age. Children's Collective, Inc., or a similarly qualified and licensed organization, shall be the provider of these services.

  The Childcare Center will operate ten hours daily, five days a week to provide comprehensive child development services for a minimum of 28 infants and toddlers, 24 preschoolers, and 14 school age children. An age appropriate curriculum will be implemented. Staff will include a bilingual teacher who meets State Department of Education standards. Two meals and a snack will be served daily. If needed, the Childcare Center may operate non-traditional extended hours.

- Health Clinic: Health services shall be provided through a Health Clinic, providing services which shall range from, children's vaccinations, and women's care to mental health counseling and treatment for diabetes. St. John's Well Child Center or a similarly qualified and licensed organization, shall be the provider for these services.

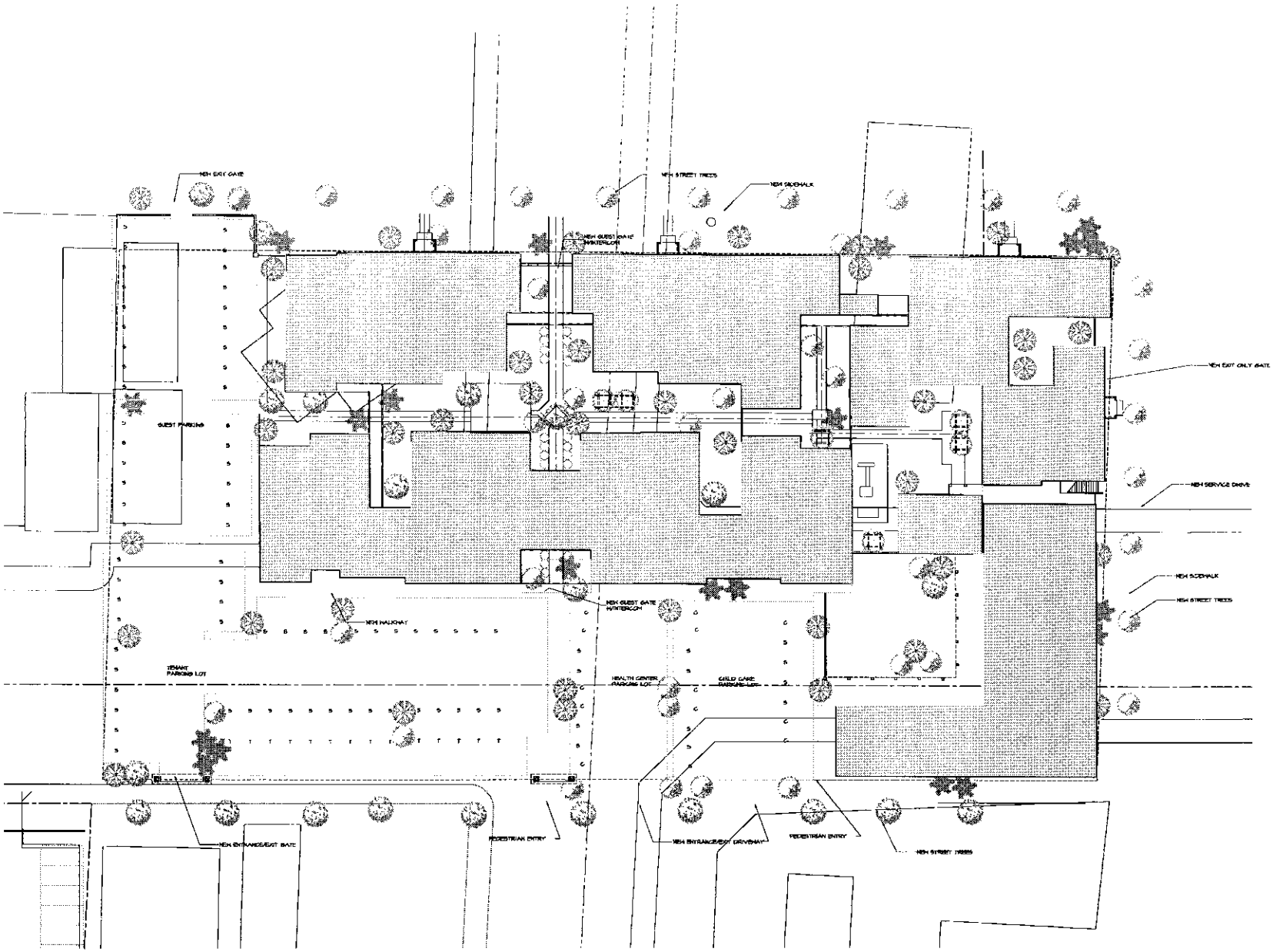
  The Health Clinic will operate six days a week, including one or more evenings. The Health Clinic will include four private exam rooms. Pediatricians will provide preventive care; acute care; childhood immunizations; asthma treatment and management; ; and physical exams. Adolescents at risk for substance abuse, STDs, and pregnancy will receive appropriate care and education. Adult family members will be screened for disease indicators and provided with disease treatment and management, especially for hypertension, diabetes, , cancer, and other diseases endemic to the community.

- Parent Resource Center: Parent resources shall, at a minimum, consist of referrals and linkages with other agencies for services not offered at the Family Development Center. Children's Collective, Inc., or a similarly qualified and licensed organization, shall be the provider of these services.

  The Parent Resource Center will be located within the Development and provide print literature and computers for self-service information and referrals on parenting skills, social services, health care, employment opportunities, etc. The Center will be staffed by two family advocates who will assist parents with case-managed information and referrals and will schedule classes and workshops on health education, nutrition, child development, positive discipline, ESL, and other topics of interest. The Center will be open six days a week and evenings to accommodate parents' schedules.

EXHIBIT "I" TO DDA

SITE PLANS AND ELEVATIONS



A FIRST FLOOR PLAN
SCALE: 1" = 16'-0"

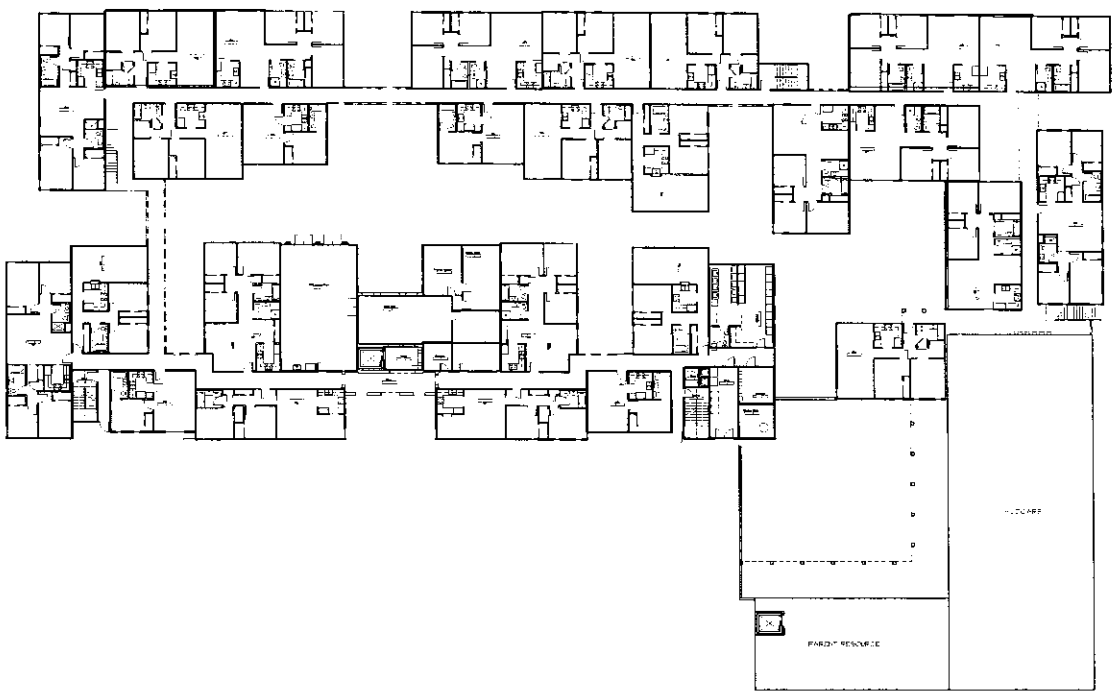
CASA DOMINGUEZ

16729 S. ATLANTIC BLVD.
EAST RANCHO DOMINGUEZ
CALIFORNIA

LOS ANGELES COMMUNITY DESIGN CENTER

Sheet Title
SITE PLAN

A-1.1



Ⓐ FIRST FLOOR PLAN
SCALE: 1" = 16'-0"

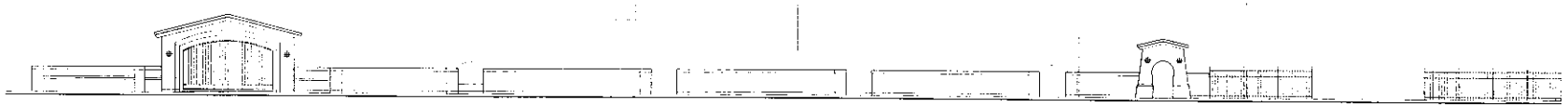
CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ
CALIFORNIA

LOS ANGELES
COMMUNITY
DESIGN CENTER

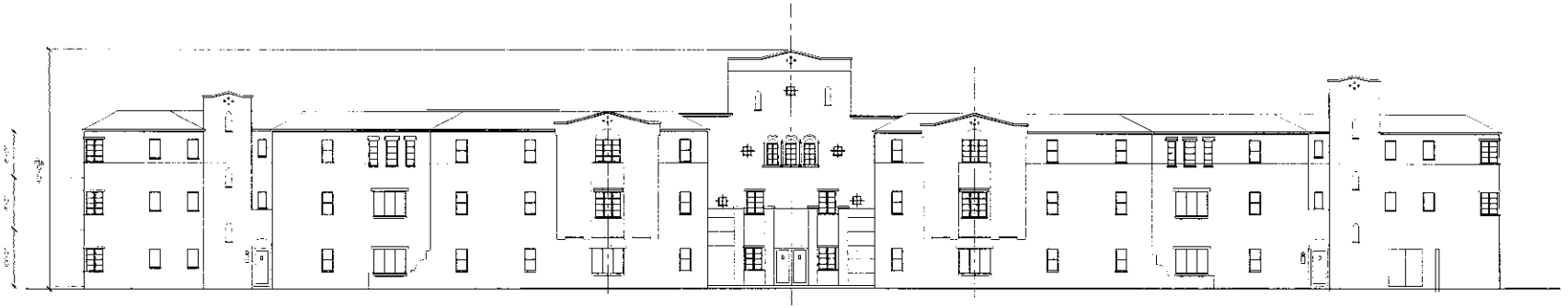
FIRST FLOOR

A-2.1



A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"



A EAST ELEVATION -MAIN BUILDING
SCALE: 1/8" = 1'-0"

CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ,
CALIFORNIA

LOS ANGELES
COMMUNITY
DESIGN CENTER

ELEVATIONS
EAST AND NORTH

A-3.1

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION -MAIN BUILDING
SCALE: 1/8" = 1'-0"

CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ,
CALIFORNIA

COMMUNITY

ELEVATIONS
EAST AND NORTH

A-3.1

EXHIBIT "J" TO DDA

DEVELOPMENT BUDGET/PRO FORMA/SOURCES & USES

Casa Dominguez

Cash Flow Analysis, Years 1-15

CASH FLOW ANALYSIS	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Residential Income		544,260	557,867	571,813	586,108	600,761	615,780	631,175	646,954	663,128	679,706	696,699	714,116	731,969	750,268	769,025
Vacancy Rate	5.00%	(27,213)	(27,893)	(28,591)	(29,305)	(30,038)	(30,789)	(31,559)	(32,348)	(33,156)	(33,985)	(34,835)	(35,706)	(36,598)	(37,513)	(38,451)
Effective Gross Residential Income		517,047	529,973	543,223	556,803	570,723	584,991	599,616	614,606	629,972	645,721	661,864	678,410	695,371	712,755	730,574
Non-residential Income (laundry)		4,200	4,305	4,413	4,523	4,636	4,752	4,871	4,992	5,117	5,245	5,376	5,511	5,649	5,790	5,934
Rental/Operating Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EFFECTIVE GROSS INCOME		521,247	534,278	547,635	561,326	575,359	589,743	604,487	619,599	635,089	650,966	667,240	683,921	701,019	718,545	736,508
Residential Operating Expenses		(285,600)	(295,596)	(305,942)	(316,650)	(327,733)	(339,203)	(351,075)	(363,363)	(376,081)	(389,243)	(402,867)	(416,967)	(431,561)	(446,666)	(462,299)
Resident Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Assessments	2.00%	(20,220)	(20,624)	(21,037)	(21,458)	(21,887)	(22,325)	(22,771)	(23,226)	(23,691)	(24,165)	(24,648)	(25,141)	(25,644)	(26,157)	(26,680)
Operating Reserve	3.00%	(15,511)	(15,899)	(16,297)	(16,704)	(17,122)	(17,550)	(17,988)	(18,438)	(18,899)	(19,372)	(19,856)	(20,352)	(20,861)	(21,383)	(21,917)
Replacement Reserve		(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
MHP Required Annual Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME		178,916	181,159	183,360	185,514	187,618	189,666	191,652	193,571	195,418	197,186	198,869	200,461	201,953	203,340	204,612
Debt Service		(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)
NET CASH FLOW		23,338	25,581	27,782	29,936	32,040	34,088	36,074	37,993	39,840	41,608	40,326	41,917	43,410	44,796	46,069
Debt Coverage Ratio		1.15	1.16	1.18	1.19	1.21	1.22	1.23	1.24	1.26	1.27	1.25	1.26	1.27	1.28	1.29

DISTRIBUTION OF CASH FLOW	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Cash Flow		23,338	25,581	27,782	29,936	32,040	34,088	36,074	37,993	39,840	41,608	40,326	41,917	43,410	44,796	46,069
Deferred Developer Fee	0.0%	(13,338)	(15,231)	(17,069)	(18,849)	(20,565)	(22,211)	(23,781)	(25,270)	(26,672)	(27,979)	(26,220)	(27,317)	(28,299)	(29,156)	0
Partnership Management Fee	3.5%	(10,000)	(10,350)	(10,712)	(11,087)	(11,475)	(11,877)	(12,293)	(12,723)	(13,168)	(13,629)	(14,106)	(14,600)	(15,111)	(15,640)	(16,187)
Residual Receipt 1	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(14,941)
Residual Receipt 2	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(14,941)
Payment From Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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Cash Flow Analysis, Years 16-30

CASH FLOW ANALYSIS	Year	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Gross Residential Income		788,251	807,957	828,156	848,860	870,081	891,833	914,129	936,982	960,407	984,417	1,009,028	1,034,253	1,060,110	1,086,612	1,113,778
Vacancy Rate	5.00%	(39,413)	(40,398)	(41,408)	(42,443)	(43,504)	(44,592)	(45,706)	(46,849)	(48,020)	(49,221)	(50,451)	(51,713)	(53,005)	(54,331)	(55,689)
Effective Gross Residential Income		748,838	767,559	786,748	806,417	826,577	847,242	868,423	890,133	912,387	935,196	958,576	982,541	1,007,104	1,032,282	1,058,089
Non-residential Income (laundry)		6,083	6,235	6,391	6,551	6,714	6,882	7,054	7,231	7,411	7,597	7,787	7,981	8,181	8,385	8,595
Rental/Operating Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EFFECTIVE GROSS INCOME		754,921	773,794	793,139	812,967	833,292	854,124	875,477	897,364	919,798	942,793	966,363	990,522	1,015,285	1,040,667	1,066,684
Residential Operating Expenses		(478,480)	(495,226)	(512,559)	(530,499)	(549,066)	(568,284)	(588,174)	(608,760)	(630,066)	(652,119)	(674,943)	(698,566)	(723,016)	(748,321)	(774,512)
Resident Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Assessments		(27,213)	(27,758)	(28,313)	(28,879)	(29,457)	(30,046)	(30,647)	(31,260)	(31,885)	(32,523)	(33,173)	(33,837)	(34,513)	(35,204)	(35,908)
Operating Reserve	3.00%	(22,465)	(23,027)	(23,602)	(24,193)	(24,797)	(25,417)	(26,053)	(26,704)	(27,372)	(28,056)	(28,757)	(29,476)	(30,213)	(30,968)	(31,743)
Replacement Reserve		(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
MHP Required Annual Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME		205,763	206,783	207,664	208,397	208,971	209,377	209,604	209,641	209,475	209,096	208,490	207,643	206,543	205,174	203,521
Debt Service		(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)
NET CASH FLOW		47,219	48,240	49,121	49,853	50,428	50,834	51,060	51,097	50,932	50,552	49,946	49,100	47,999	46,630	44,978
Debt Coverage Ratio		1.30	1.30	1.31	1.31	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.31	1.30	1.29	1.28

DISTRIBUTION OF CASH FLOW	Year	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Net Cash Flow		47,219	48,240	49,121	49,853	50,428	50,834	51,060	51,097	50,932	50,552	49,946	49,100	47,999	46,630	44,978
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Management Fee	3.5%	(16,753)	(17,340)	(17,947)	(18,575)	(19,225)	(19,898)	(20,594)	(21,315)	(22,061)	(22,833)	(23,632)	(24,460)	(25,316)	(26,202)	(27,119)
Residual Receipt 1		(15,233)	(15,450)	(15,587)	(15,639)	(15,601)	(15,468)	(15,233)	(14,891)	(14,435)	(13,860)	(13,157)	(12,320)	(11,342)	(10,214)	(8,929)
Residual Receipt 2		(15,233)	(15,450)	(15,587)	(15,639)	(15,601)	(15,468)	(15,233)	(14,891)	(14,435)	(13,860)	(13,157)	(12,320)	(11,342)	(10,214)	(8,929)
Payment From Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

EXHIBIT "K" TO HOME DDA

HOME PROGRAM REQUIREMENTS

HOME PROGRAM REQUIREMENTS

(HOME - PROJECT NO. HE0087)

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

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

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

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

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

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

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

HOME PROGRAM TENANT MONITORING

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

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

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

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

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

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

CONFLICT OF INTEREST

No owner, developer, or sponsor of a project assisted with HOME funds, or any officer, employee, agent, or consultant of such may occupy a HOME-assisted unit in the project, unless a waiver in writing is first obtained from the Commission. This provision does not apply to an employee or agent who occupies the unit as the project manager or maintenance worker.

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

HUD's Section 504 regulations require that a recipient of Federal financial assistance ensure that its program, when viewed in its entirety, is accessible to persons with disabilities. (24 CFR 8.20) In order to meet this obligation, participants in the HOME Program must:

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.

- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.

- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.

- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would

result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.

- Providers are required to ensure that information about their programs is disseminated in a manner that is accessible to persons with disabilities. For example, special communication systems can greatly increase the effectiveness of outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille).

- Providers must ensure that activities and meetings are conducted in accessible locations.

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.

- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.

- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

All recipients and sub-recipients must conduct self-evaluations of compliance with Section 504

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "L" TO DDA

COMMISSION REQUIREMENTS

COMMISSION REQUIREMENTS
(HOME - PROJECT NO. HE0087)

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission'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 District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

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

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

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of $100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.

B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.

C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission

or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

F. 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. The Commission 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 the Commission.

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.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the

person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit L-1 SAFELY SURRENDERED BABY LAW FACT SHEET of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist 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. Compliance With Jury Service Program.

A. Unless Borrower has demonstrated to the Commission 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 the County or a subcontract with a County contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more County 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 the County, 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 the County 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 County 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. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County'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, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

E. For the purposes of this Section 23, the term County also includes and refers to Commission.

24. 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 Exhibit L-2, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission 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 "L-1" TO DDA

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 "L-2" TO DDA

CHARITABLE CONTRIBUTIONS CERTIFICATE

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)

EXHIBIT "M" TO DDA

ENVIRONMENTAL SPECIAL CONDITIONS

County of Los Angeles
Community Development Commission

DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: East Rancho Dominguez Mixed Use Housing Project

PROJECT DESCRIPTION: The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

PROJECT LOCATION: The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.

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

The following mitigation measures are required:

1. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

   - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

   - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

   - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles 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.

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.

Mitigation Monitoring Plan
Casa Dominguez 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. 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.	Landscape Architect Architect/Contractor	Community Development Commission Community Development Commission	Design/Operation Construction
Noise. In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design: •Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed. • Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications). • Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.	Architect/Contractor Contractor Contractor	Community Development Commission Community Development Commission Community Development Commission	Construction Construction 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

EXHIBIT “N” TO DDA

CONSTRUCTION REQUIREMENTS

CONSTRUCTION REQUIREMENTS
(HOME - PROJECT NO. HE0087)

The Borrower's receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the project is conditioned upon the Borrower's adherence to certain construction requirements imposed by the Community Development Commission (CDC) in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT "K". The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT "K" or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by CDC for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

1. Submittals and Review Procedure; Construction Monitoring

(a) For purposes of this EXHIBIT "N":

(i) "Construction Documents" shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) "Empirical Cost Model" shall mean a cost model which CDC may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by HACOLA.

(b) The Borrower's submittal requirements shall include the following:

(i) The Borrower shall submit to CDC within 20 days of the execution of this Agreement a project team staffing plan ("Staffing Plan") for review and approval by CDC. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to CDC within 20 days of the execution of this Agreement a detailed development schedule ("Development Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by CDC in a revised schedule to be submitted to CDC within 10 days after receiving comments from CDC with respect to the

original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "K". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "K".

(iii) The Borrower shall submit to CDC within 20 days of the approval of the Construction Contract a detailed construction schedule ("Construction Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by CDC in a revised schedule to be submitted to CDC within 10 days after receiving comments from CDC with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, *Using CPM in Construction*. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to CDC a draft completed regulatory "Entitlement Review" package for CDC review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to CDC not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to CDC within 30 days of the execution of this Agreement basic concept drawings ("Basic Concept Drawings") for review and approval by HACOLA. The Basic Concept Drawings shall be in form and content as directed from time to time by HACOLA.

(vi) Based on, and within 60 days of CDC approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to CDC for review and approval by CDC certain design development plans and related documents ("Design Development Plans") for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to CDC comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to CDC for review and approval by CDC the (preliminary drawings) 50% construction documents (the "Preliminary Drawings"). The 50% submittal shall include a detailed cost estimate and a list of value engineering considerations representing a saving goal of 10% of the overall Project budget.

(viii) The (final working drawings) 100% construction documents (the "Final Drawings") submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by HACOLA, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model the Borrower shall be required to demonstrate to CDC the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, CDC staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by CDC. CDC and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to CDC can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to CDC in accordance with the Development Schedule a construction contract ("Construction Contract") for review and approval by HACOLA. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as CDC may require.

(d) The Construction Management Division of CDC will provide oversight monitoring of the Project. The Borrower shall maintain at the job site adequate records and shall permit site access to CDC at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies;

review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that CDC's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for CDC's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by CDC in connection with its review, inspection and monitoring activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) The Project is designated as a Davis Bacon/public works type project and as such has certain additional bidding and reporting requirements. The Borrower shall consult with the Construction Management Division of CDC for detailed requirements. The Borrower shall include all such requirements in the Construction Documents and conduct the bid phase according to such requirements, including the prevailing wage determination or decision in effect at the time of the bid. Prior to going out to bid (advertisement), or award of negotiated bid, the Borrower shall submit to CDC the bid package for review and approval, which submittal shall be five days (5) prior to any advertising placement or negotiation discussion, as the case may be. Once bids are received, the Borrower shall prepare a bid evaluation and review all submittals with CDC staff for compliance with all applicable Governmental Restrictions.

2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by CDC and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by CDC required to establish the amount and time lines of the payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by HACOLA, payments made by or on behalf of CDC in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided, shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of CDC for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "K" shall be made through a HACOLA-approved construction disbursement agency, as set forth below.

(c) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect CDC's personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding $100,000. *See* (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor ("Contractor") shall procure and maintain at Contractor's expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-sub contractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Comprehensive General Liability: $1,000,000 combined single limit for each occurrence ($2,000,000 General Aggregate) for bodily injury, personal injury and property damage, including products and completed operations coverage.

(ii) Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(iii) Workers Compensation as required by the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

(iv) Contractor shall furnish CDC with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for

each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to CDC.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to HACOLA.

(viii) Any self-insurance program and self-insured retention must be separately approved by CDC.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "N" shall constitute an Event of Default under this Agreement and CDC may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of HACOLA.

(xi) The Community Development Commission and HACOLA, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "N", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.

EXHIBIT "O" TO DDA

SCHEDULE OF PERFORMANCE

SCHEDULE OF PERFORMANCE
(HOME - PROJECT NO. HE0087)

ACTION	DATE
1. **Execution and Delivery of Agreement by Developer**. The Developer shall execute and deliver this Agreement to the Commission.	Not later than 5 days after receipt of this Agreement by Developer for execution.
2. **Execution of Agreement by Commission**. The Board of Commissioners must authorize execution of this Agreement by the Commission and, if so authorized, the Commission shall execute and deliver this Agreement to the Developer.	Following approval by the Board of Commissioners.
3. **Opening of Escrow**. Borrower shall open an escrow account for the conveyance of the Site.	Within 60 days of execution of this Agreement.
4. **Submission – Certificate of Insurance**. The Developer shall furnish to the Commission appropriate certificates of insurance policies.	Prior to 5 days before the close of Escrow.
5. **Close of Escrow**. The Commission shall convey the Site with a Grant Deed.	Within 120 days of the Opening of Escrow.
6. **Zoning & Entitlements for the Site**. The Developer, based on documents and maps prepared by the Developer, shall use its best efforts to cause the zoning and entitlements for this Site to be such as to permit the development and construction of the Developer Improvements in accordance with this Agreement.	Within 12 months of execution of this Agreement Developer shall cause zoning & entitlements for the Site to be such as to permit the development and construction of the Developer Improvements.

ACTION	DATE
7. **Schematic Design Plans**. The Developer shall prepare and submit to the Commission for review and approval Schematic Design Plans and related documents.	Developer submittal within 90 days of execution of this Agreement.
8. **Approval Schematic Design Development Plans**. The Commission shall approve or disapprove the Developer's Design Development Plans for the Developer Improvements.	Commission will review and respond within 15 days of receipt. The Developer shall include 5 days for review of each revised submittal until approved.
9. **Submission of Construction Loan Commitment**. The Developer shall deliver to the Commission an irrevocable written commitment from a Qualified Financial Institution agreeing to make a construction loan in an amount sufficient to fund the construction of the Developer Improvements together with Developer equity and other sources of funding.	Within 180 days of the execution of this Agreement.
10. **Approval of Construction Financing**. The Commission shall approve or disapprove the Developer's Construction Financing Commitment.	Within 5 days after receipt thereof by the Commission.
11. **Final Drawings.** – The Developer shall submit to the Commission for review and approval the 100% construction documents adequate to obtain building permits and include evidence of a constructability review from a licensed contractor.	At least 25 days prior to the date set forth herein for the commencement of the Developer Improvements.

ACTION	DATE
12. **Approval Final Drawings.** The Commission shall approve or disapprove the Developer's Final Drawings for the Developer Improvements.	Commission will review and respond within 25 days of receipt. If necessary the Developer shall include 5 days for review of each revised submittal until approved.
13. **Submission of Construction Contract for Developer Improvements**. The Developer shall deliver to the Commission a construction contract(s) for the construction of all Developer Improvements specified in this Agreement. Each contract shall comply with all requirements established by this Agreement. Where the Developer is the General Contractor, delivery shall be made of the contracts with subcontractors.	Within 12 months of the execution of this Agreement.
14. **Approval of Construction Contract for Developer Improvements**. The Commission shall approve or disapprove the Construction Contract(s).	Within 5 days after receipt thereof by the Commission.
15. **Submittal of Construction Schedule**. The Developer shall submit to the Commission a detailed Construction Schedule for review and approval.	Within 20 days of approval of Construction Contract.
16. **Approval of Construction Schedule**. The Commission shall approve or disapprove the Construction Schedule.	Within 14 days of submittal.

ACTION	DATE
17. **Commencement of Construction of Developer's Improvements**. Developer shall commence construction of Developer Improvements. A construction schedule shall be provided to the Commission when construction begins and shall be updated monthly. The schedule shall include improvements to be constructed pursuant to the Off-site Infrastructure contract, if appropriate.	Commencement of construction shall not be later than 13 months after the date of execution of this Agreement.
18. **Completion of Construction of Developer Improvements**. Developer shall complete construction of the Developer Improvements an improvements pursuant to the Off-site Infrastructure contract, if appropriate.	Within 18 months after commencement thereof by the Developer, or as extended through approved change orders.
19. **Certificates of Occupancy**. The Developer shall cause the issuance of Certificates of Occupancy for each completed unit.	Promptly after completion of all construction required to be completed by the Developer on the Site.
20. Submission of Construction Completion Package.	30 days following completion of all construction on the Site.

EXHIBIT “P” TO DDA

DESIGN GUIDELINES

COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES

DESIGN GUIDELINES FOR RENTAL HOUSING

Community Development Commission
of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For RENTAL Housing Developments

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Minimum Construction Standards/Design Guidelines For RENTAL Housing Developments

I. FUNDAMENTAL DESIGN GUIDELINES FOR RENTAL DEVELOPMENTS

A. Site

1. Open Space for New Construction

Private Area 60 sq. ft. per ground floor unit, and 30 sq. ft. per non-ground floor unit, with a minimum dimension of 5 ft. Area may be a patio, deck, porch, yard or balcony. Primary access to private open space should not be from bedrooms.
Not required on SRO Projects

Common Area (not including circulation or required front and sideyard setbacks unless incorporated into larger usable space):

0 -10 Units	30 sq. ft. per unit.
11-25 Units	20 sq. ft. per unit
26-50 Units	17.5 sq. ft. per unit
51+ Units	15 sq. ft. per unit

2. Landscaping

Drought Tolerant
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 for every 50' of street frontage.
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 prepared by a landscape architect licensed in the State of California.

3. 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.

4. Trash Collection

Trash enclosure for dumpsters shall have a concrete pad, CMU walls, 3x12 wood crash rails on 3 sides of the interior, and heavy-duty metal gates with perforated metal cladding. The gates should be located 6 inches off the ground to improve surveillance into the area to reduce loitering.

5. Curbs

Provide concrete curbs at or around all drives and parking areas

6. Building Orientation

Orient building to maximize solar access during cooler months and to control it during warmer months.

7. Pedestrian Hardscape Areas

Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).

8. 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.

9. Parking

Whenever possible, locate parking towards the rear of the site to minimize its impact on the street.
On large projects consider subterranean parking to free up open space at grade level.
If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.

Consider placing second story massing over garage to bring the living space closer to the street and take some attention off of the garage.
Parking area should have adequate lighting and provide a safe and secure environment. Minimize the walking distance to insure a short and direct access to the units.
Provide clear separation between vehicles and pedestrians.
Landscaping should be used to soften the visual impact of large parking areas.
Consider improving unavoidable blank walls with decorative artwork, display cases, vines, and good quality durable materials to minimize graffiti and deterioration.
Parking not required on SRO Projects

B. Building Exterior

1. Height

Relate the overall height of the new structure to that of adjacent structures and those of the immediate neighborhood. Avoid new construction that varies greatly in height from other residential buildings in the area.
Consider relating the floor levels of the new structure to those of the adjacent uses on infill buildings.

2. Scale

Relate the size and bulk of the new structure to the prevalent scale in other buildings the immediate area.

3. Massing

Consider stepping larger structures down towards the street in areas where the predominate scale along the street is single story and pedestrian oriented.
Consider breaking larger buildings into smaller pieces.

4. Form

Consider utilizing a variety of building forms and roof shapes instead of box-like forms with large, unvaried roofs. Make sure forms and shapes work together to create a cohesive whole project. Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to break up large masses and add visual complexity.

5. Size and Rhythm of Openings

Respect the rhythm and proportion of openings prevalent in the immediate area surrounding the new building.

6. Materials and Color

Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality buildings 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.

7. Individual Identities

Whenever possible, divide repetitive structures into smaller clusters to promote individuality and a sense of place for residents.
Consider strategies that allow residents to enhance the exterior appearance of their units.

8. Entries for Projects and Units

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.

9. 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.

10. 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.

11. Roofing

Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Access / Corridors

Avoid corridors of excessive length, i.e greater than 100 feet of unbroken length. Whenever possible avoid corridors that are not naturally lighted. Providing natural ventilation is encouraged.

2. Unit Sizes

SRO:	120 s.f. (1 occupant - excluding bathroom)
SRO:	180 s.f. (2 occupants - excluding bathroom)
Studio:	400-500 sq. ft.
1-Bedroom	500-700 sq. ft.
2-Bedroom	750 - 950 sq. ft.
3-Bedroom	1,000 - 1,200 sq. ft.
4-Bedroom	1,200 - 1,400 sq. ft.

3. 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. Minimum 24" wide and at least 12" away from any sidewall for all 1 bedroom and smaller units. *	
Refrigerators	12 cu. ft. for 1-bedroom or less. *	

	16 cu. ft. for 2-bedrooms. * 18 cu. ft. for 3-bedrooms or more. *	
Dishwashers	In all 2-4 bedroom units. *	
Garbage disposals	(Recommended) *	
Bedroom	9 ft.	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. Applies to SRO (15 s.f. / occupant)
Linen Storage		4 sq. ft. *

* Requirements do not apply to SRO Projects

4. Common Indoor Areas

Community Room	A minimum of 400 sq. ft. not including laundry area and a maximum of 20% of the residential floor area for developments of 15 units or less. A minimum of 600 sq. ft. not including laundry area and a maximum of 15% of the residential floor area for developments with 16 units or more. Provide a public restroom and microwave alcove.
Laundry Area	One washer and dryer for every 10 units in a common laundry area. As an alternative, washers and dryers, not just hook-ups, may be provided in individual units. Common laundry areas to have a minimum 6' long countertop surface for folding cloths.

Adequate natural light and ventilation.

5. HVAC

Provide air conditioning for all separately metered units.
Whole house and ceiling fans maybe used in lieu of air conditioning.
Utilizing hydronic heating/hot water systems is encouraged.

6. Elevators
Provide elevators for all structures with three floors or more and for all senior or disabled projects of two floors or more.

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. Hose Bibs

Provide vandal resistant hose bibs.

4. Communication Wiring

Provide a telephone jack in all bedrooms and in one common area.
Provide CAT 5 wiring to at least one location per unit.
Not required on SRO Projects

5. Cable Television

Provide a minimum of one jack in the living room for units with 2 bedrooms or less. Provide a minimum of one jack in at least one bedroom plus one in the living room for units with 3 bedrooms or more.
Not required on SRO Projects

6. 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.

7. Fire Extinguishers

Provide recessed fire extinguishers.

Fire extinguishers to be vandal resistant.

8. Entry Security System

Provide security entry system (e.g. intercoms, key cards, combination pads, etc.) for all rental developments.

9. 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.
No windows allowed within 36" of the latch side of the door.

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.

10. 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.

11. 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.

12. Window Coverings

Metal horizontal blinds are not permitted.

13. Medicine Cabinets

Plastic medicine cabinets are not permitted.
Provide recessed cabinets.

14. 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.

Bath tubs and/or Showers not required in SRO units.

15. Blocking

Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

16. 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.

17. 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.

18. Cabinetry

For all developments accept senior housing, cabinets shall be constructed as follows:

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.

19. Kitchen Hoods

Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

20. 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.

21. Appliances

Select Energy Star appliances.

22. Wood Structural Members

The use of engineered wood for headers, joists and sheathing is encouraged.

23. Recycled Content Materials

The use of recycled content insulation, drywall, carpet and other "green" materials is encouraged.

24. Indoor Air Quality Materials

Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

25. Roofing

Minimum 20-year roof.
If asphalt shingle use "architectural" profile.

26. 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.

27. Landscape Edging

Provide redwood bender board edging or equal at planter bed and turf boundaries.

28. Lighting

Use fluorescent light fixtures for at least 75% of light fixtures or comparable energy lighting for the project's total lighting including common areas.

IV COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES RENTAL HOUSING DESIGN REVIEW PROCESS & SUBMISSION REQUIREMENTS

Described below is the Community Development Commission's (CDC's) design review process to be applied to project designs as follows:

1. Projects located in a city with an existing design review process will only be subject to one Design Review. However, if important changes are made to the CDC approved design, including but not limited to changes in unit mix, number of units, significant plan or elevation changes, noncompliance with required CDC design features, and quality upgrades or value engineering, such changes will need to be re-approved by CDC. CDC reserves the right, at its sole discretion, to reduce or rescind its funding commitment.
2. If the developer's initial design review submittal includes construction documents the project will only be subject to one Design Review.
3. Projects located in unincorporated County of Los Angeles or in cities without a design review process will be subject to full design review requirements.
4. Only projects receiving Design Advisor points are subject to Design Advisor submittal requirements.

I. OPTIONAL CONCEPTUAL DESIGN REVIEW

(TIMING: This optional review is best completed before the project goes to the Board of Commissioners for a funding commitment approval)

A. Developer submits conceptual package to Housing Development & Preservation (HDP) including:
   1. Site Plan
   2. Photographs of site, adjacent properties and neighborhood
   3. Location map showing adjacent uses.
   4. Floor Plans
   5. Elevations
   6. Section
   7. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A copy of the Master Design Checklist with the 'Date Completed' sections for Steps 1 through 7 & 9 through 11 filled in.
      b. Completed copies of the following:
         User Activity Checklist
         Short Statement of Resident-Related Goals
         Neighborhood Context Analysis Worksheet
         Short Statement of Community-Related Design Goals
         Access to Services Checklist
      c. Documentation (narrative and sketches) illustrating a minimum of three alternative site plan concepts and explaining why your final choice was selected .

B. HDP transmits package to Construction Management (CMD) within two working days of submittal by Developer.

C. CMD transmits comments to HDP within 10 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

II. DESIGN REVIEW #1

(TIMING: This design review must be approved during the schematic design phase)

A. Developer submits schematic design package to HDP including:
   1. Site Plan
   2. Landscape Plan
   3. Floor Plans
   4. Sections
   5. Elevations
   6. Enlarged Furnished Unit and Common Area Plans
   7. Construction Cost Estimate on CMD electronic form.
   8. Color & Material Boards
   9. Outline Specifications
   10. Concept Design Review items I.A.2, 3 & 6 are required only if the concept design was not previously reviewed.
   11. Redlines from the most recent CDC design review.

B. HDP transmits package to CMD within 2 working days of submittal by developer.

C. CMD transmits comments to HDP within 10 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

III. DESIGN REVIEW #2 - CONSTRUCTION DOCUMENTS

(TIMING: This design review must be approved prior to start of construction)

A. Developer submits construction documents package to HDP including:
   1. "Plan Check" set of plans
      a. Architectural
      b. Landscape and irrigation plans
      c. Structural plans
      d. Mechanical plans
      e. Electrical plans
      f. Plumbing plans
      g. Civil plans
      h. Other pertinent data as requested
   2. Updated cost estimate on CMD's electronic form.
   3. Draft Project Manual including specifications.
   4. Concept Design Review items I.A.2, 3 & 6 are required only if the concept design was not previously reviewed.
   5. Design Review #1 item II.A.8. is required only if the design was not previously reviewed.
   6. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A copy of the Master Design Checklist with the 'Date Completed' sections for Steps 8 & 12 through 16 filled in.
      b. Completed copies of the following:
         Cost Analyses Checklist
         Analyses #1 - #6
         Operations and Maintenance Considerations Checklist
         Schematic Design, Design Development, Contract Documents Sections Only
         Prioritized List of Key Design Components
         Prioritized List of Key Construction Materials and Systems
         Prioritized List of Key Finishes and Hardware
   7. Redlines from the most recent CDC design review.

B. HDP transmits package to CMD within 2 working days of submittal by developer.

C. CMD transmits comments to HDP within 20 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

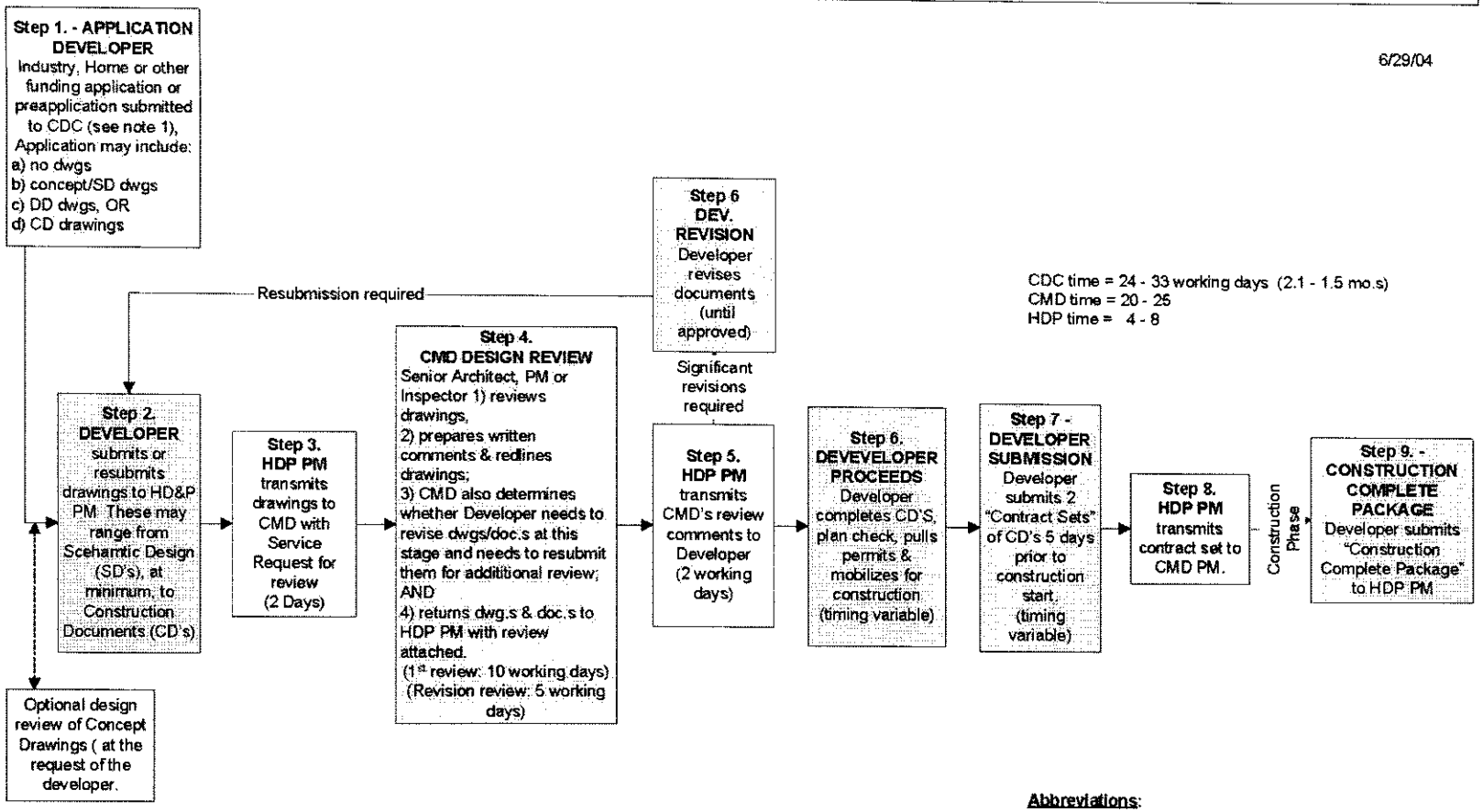
E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

IV. CONSTRUCTION COMPLETION PACKAGE

(TIMING: This submittal must be approved prior to close of permanent financing)

A. Within 30 days after the completion of construction, and at least 30 days prior to closing the permanent financing, developer submits construction completion package to HDP including:
   1. Updated cost estimate on CMD's electronic form.
   2. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A complete copy of the finished Project Book for your development, including all completed checklists and forms.
      b. The Master Design Checklist, with all applicable dates filled in.

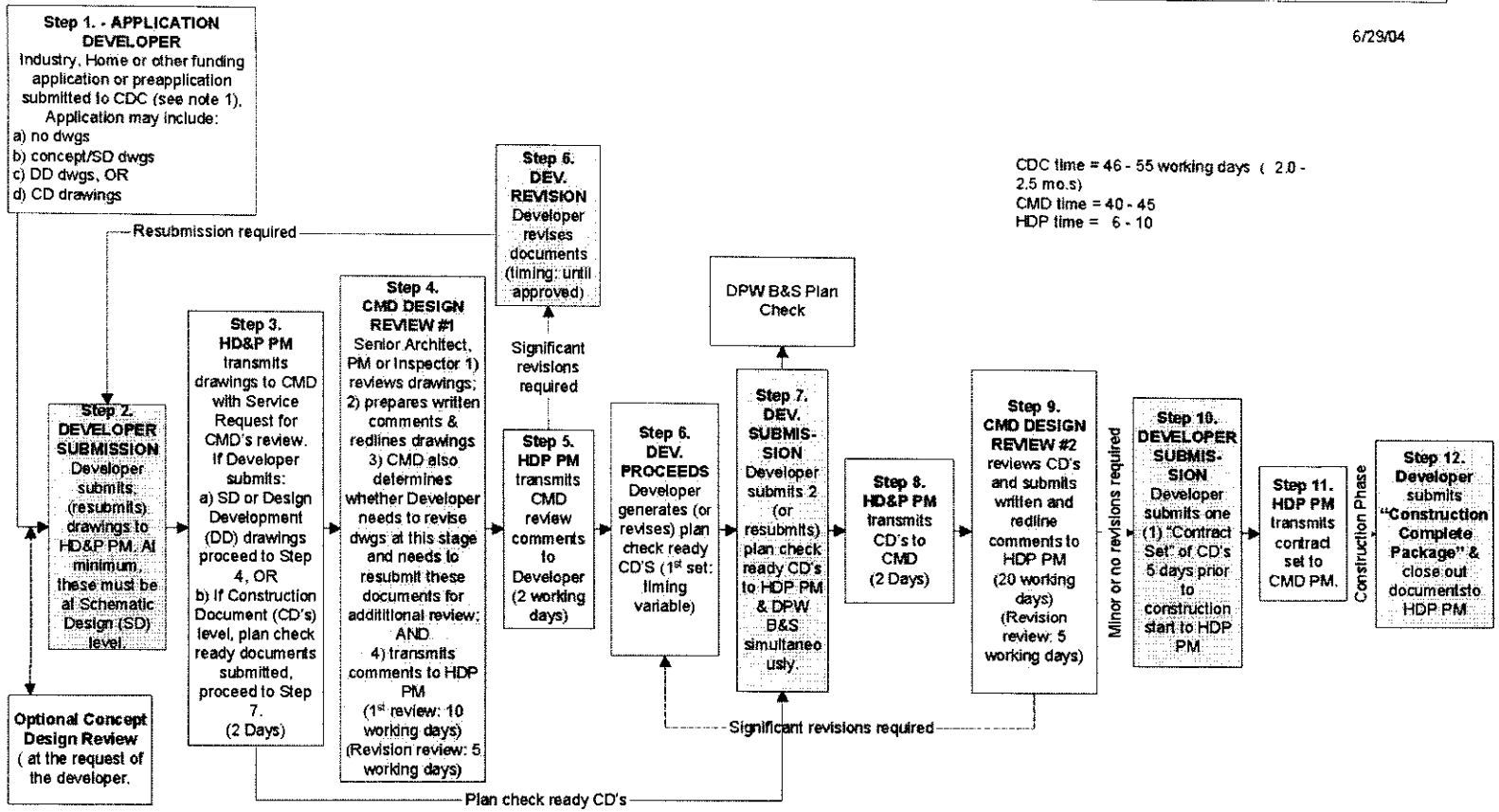
FOR PROJECT IN INCORPORATED CITIES THAT HAVE A DESIGN REVIEW PROCESS



Abbreviations:
B&S - DPW's dept. of Building & Safety
DD = Design Development drawings and outline specifications
CD's = Construction Documents and specifications
DPW - LA Co. Dept. of Public Works
DEV. = Developer

Design Review Process for Affordable Housing Development

FOR PROJECTS IN AN UNINCORPORATED AREA OR CITY WITHOUT A DESIGN REVIEW PROCESS



Abbreviations:
B&S - DPW's dept. of Building & Safety
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Design Review Process for Affordable Housing Development

County of Los Angeles
Community Development Commission

DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: East Rancho Dominguez Mixed Use Housing Project

PROJECT DESCRIPTION: The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

PROJECT LOCATION: The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.

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

The following mitigation measures are required:

1. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles 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.

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:	East Rancho Dominguez Mixed Use Housing Project
Project Location:	The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.
Assessor's Parcel Number(s):	6181-027-901, 6181-027-902, 6181-027-903, 6181-027-904, and 6181-027-905
Statement of Need:	The project provides for the development of affordable multi-unit housing and is therefore consistent with the guidelines of the Community Development Block Grant (CDBG) program.
Project Description:	The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

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 five parcels in the project area are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation (a). A zone change will need to be obtained prior to project approval.
Compatibility and Urban Impact	X						The project site is bounded by a truck yard lot to the north, an auto repair shop to the south, single family homes to the west, and retail shops and a truck yard lot to the east (b). The proposed project would not pose any significant conflicts with the scale and type of surrounding development.
Slope	X						The site is generally flat (b). The proposed development 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						Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs were removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) (c).
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas, as would the resulting residential units. 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 along a busy road (Atlantic Avenue) and 4 blocks from the 710 Freeway. Noise levels on-site were measured at 64.5 dBA, which approaches

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)
							HUD's exterior noise threshold of 65 dBA for residential uses. Noise mitigation measures should be incorporated into project design to ensure that future residents are not exposed to excessive noise levels. The proposed project is an affordable residential facility and is not expected to significantly affect nearby sensitive receptors. Appropriate design and placement of the project elements would minimize any potential impacts to adjacent residences to the north and west. The proposed project would generate an estimated 490 average daily vehicle trips on local roadways (d). This increase would not significantly affect roadway noise levels.
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}). Children and employees of the residential units and non-residential component of the project 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 be expected to exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (e). Existing South Coast Air Quality Management District (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 affordable housing on a vacant site. The surrounding neighborhood consists of single-family residential developments, truck lots, retail stores, and an auto-repair shop (b). The completed project would be compatible with the visual context of the existing neighborhood and may improve visual conditions onsite.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

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)
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing for low-income residents. The project would incrementally increase the population in the community but would not significantly change the demographic character of the area.
Displacement	X						The project site is currently a vacant lot containing no buildings (b). Therefore, no displacement would occur. Because the proposed project would provide up to 70 units of affordable multi-family housing, the project would increase the overall housing supply in the area.
Employment and Income Patterns		X					The project would generate short-term employment opportunities during construction. Additionally, the project will include a non-residential component consisting of retail and office space or community uses such as childcare or senior care; the former would provide some long-term employment opportunities. No adverse impacts to employment or income patterns are expected.
Community Facilities and Services							
Educational Facilities	X						The proposed project would create new housing and would introduce some children to the area. Children would attend Clinton Elementary School, Roosevelt Middle School, and Dominguez High School, which the Compton School District has indicated have capacity to serve the increased number of students generated by the project (f). The project would be required to pay school impact fees in accordance with SB 50 to mitigate potential impacts to area schools. Significant impacts to educational facilities are not anticipated.
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 current area residents. In addition, the non-residential component of the project is anticipated to consist of retail and office space or space for community uses such as childcare or senior care, which would improve social services for the community. 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

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)
							capacity, project design should accommodate solid waste recycling.
Waste Water	X						The proposed project would increase wastewater generation as compared to current conditions. However, the site is in an urbanized area with wastewater infrastructure in place. Any minor upgrades to wastewater systems needed to serve the project would be implemented in conjunction with site development.
Storm Water	X						The project site currently consists of an unpaved dirt lot (b). Project development would increase the amount of impervious surface onsite with the addition of buildings and paved areas, which could contribute to an incremental increase in runoff and a decrease in water quality. However, storm drains would be installed on the site as part of project development and would be sized adequately to accommodate runoff from the site. The project would comply with local, state, and federal requirements pertaining to control and water quality of stormwater runoff. Therefore, significant impacts are not anticipated.
Water Supply					X		Water service would be provided by Park Water Company (g). The project would incrementally increase water consumption as compared to the current use but is not expected to significantly affect water supply. Nevertheless, because of ongoing concerns about water supply in the Southern California region, water conservation measures shall be incorporated into the design of the project.
Public Safety Police	X						The Los Angeles County Sheriff's Department's Compton Station, in the City of Compton, provides police protection services in the project vicinity (h). The station is located at 301 S Willowbrook Ave., 2.3 miles from the proposed project site (i). The proposed project would incrementally increase the demand for police protection services. However, this increase would be nominal and no adverse impacts to police services are expected.
Fire	X						The Los Angeles County Fire Department Station 31 would provide fire protection, paramedic, and emergency medical technician services to the project site. The station is located at 7521 E. Somerset Blvd. in the city of Paramount (j), 1.8 miles east of the project site (i). The proposed project would incrementally increase the demand for fire protection services; however, assuming compliance with Fire Department requirements, no adverse impacts to fire protection services are anticipated from development of the project.
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services. Emergency victims would be taken to the Suburban Medical Center in Paramount or Saint Francis Hospital in Lynwood (j).

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)
							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						East Rancho Dominguez County Park is located approximately two blocks north of the project area, Kelly Park is located about five blocks southwest, and Compton Golf Course is located northeast across the Los Angeles River from the project site (i). No adverse impacts to these facilities are expected.
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would incrementally increase traffic on roadways in the project vicinity; however, the area transportation system is in place and appears to be sufficient to accommodate project-generated traffic. The mixed-use nature of the project would minimize traffic generation and may reduce overall impacts to the regional transportation system by providing a mix of residential and neighborhood commercial uses in proximity to each other. The project would contribute minimally to the overall traffic condition in the area and significant impacts to the area circulation 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 (b). 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, b).
Vegetation and Wildlife	X						The project site is in a highly urbanized area. No important biotic communities exist and no wildlife was observed onsite (b). Therefore, the project would not significantly affect vegetation or wildlife.
Long-Term Effects							
Growth-Inducing Impacts	X						The proposed project would provide infill development in an urbanized area. It includes a housing component that will provide 70 units of multi-family housing; however, the majority of project residents likely already reside elsewhere in the community. Thus, the project would not induce

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)
							substantial population growth. The project would not require the extension of infrastructure or roadways, since the site has been developed previously and is in a highly urbanized area. Therefore, its potential to induce growth is considered less than significant.
Cumulative Effects	X						The proposed project would provide infill development in an urbanized area. While it would increase the intensity of development on the project site, it would not result in any significant impacts that would be cumulatively considerable.

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project site is located within flood zone C, FEMA panel 065043-0940C, indicating minimal flood potential, as the project lies outside the 500-year flood zone (d).
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 (i).
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 non-attainment area for ozone, carbon monoxide, and fine particulate matter (PM_{10}). 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 (e). Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).

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
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 for area residents. The project would not expose low-income or minority populations to any environmental justice concerns.
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 along a busy road (Atlantic Avenue) and 4 blocks from the 710 Freeway. Noise levels on-site were measured at 64.5 dBA, which approaches HUD's exterior noise threshold of 65 dBA for residential uses. Noise mitigation measures should be incorporated into project design to ensure that future residents are not exposed to excessive noise levels. The proposed project is a residential facility and is not expected to significantly affect nearby sensitive receptors. Appropriate design and placement of the project elements would minimize any potential impacts to adjacent residences to the north and west. The proposed project would generate approximately 490 average daily vehicle trips on local roadways (d). However, this increase would not significantly affect roadway noise levels.
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 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).

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
e. Toxic/Radioactivity HUD Notice 79-33	X					Past soil assessments have identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which contained high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site has been conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs have been removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling has indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) (c). 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 (i).

Summary of Findings and Conclusions:

The proposed project involves the construction of up to 70 units of multi-family affordable housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings will be constructed comprising approximately 90,000 square feet (2.1 acres). The parcels that comprise the project site are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation; therefore, a zoning change will need to be obtained prior to project approval. Neighboring land uses consist primarily of residential and commercial development. The proposed project would generally be compatible with the scale and visual character of the surrounding area.

The project would not generate any significant noise impacts. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required. The project site is currently comprised of dirt lots with no buildings to be demolished. Therefore, displacement of current residents is not a concern.

No watercourses or water resources are located in the project area. No threatened or endangered wildlife was observed on the site. Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs was removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) and the site is considered to have been adequately remediated by soil excavation.

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 flood 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 composed of an empty dirt lot surrounded by a chainlink fence. Vegetation consists of ruderal, non-native annual grasses and weeds. 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. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles County.

References:

a. Los Angeles Department of Regional Planning web site, <http://planning.co.la.ca.us> (ELECTRONIC)

b. Meighan Jackson, Rincon Consultants, Site Visit, March 11, 2004. (FIELD)

c. Block Environmental, *Phase I Environmental Site Assessment Report, 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, East Rancho Dominguez and Compton, California.* September 25, 2003. (PRINTED)

d. Los Angeles County Flood Control, Watershed Management, personal communication, March 22, 2004. (CONTACT)

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

f. Compton Unified School District, personal communication, March 18, 2004. (CONTACT)

g. City of Compton Municipal Water Department, personal communication, March 22, 2004. (CONTACT)

h. Los Angeles County Sheriff's Department, personal communication, March 18, 2004. (CONTACT)

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

j. Los Angeles County Fire Department, personal communication, March 18, 2004. (CONTACT)

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 construction of up to 70 units of multi-family affordable housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings will be constructed comprising approximately 90,000 square feet (2.1 acres). The parcels that comprise the project site are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation; therefore, a zone change will need to be obtained prior to project approval. Neighboring land uses consist primarily of residential and commercial 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. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required. The project site is currently comprised of dirt lots with no buildings to be demolished. Therefore, displacement of current residents is not a concern.

No watercourses or water resources are located in the project area. No threatened or endangered wildlife was observed on the site. Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs was removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) and the site is considered to have been adequately remediated by soil excavation.

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 flood 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. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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.

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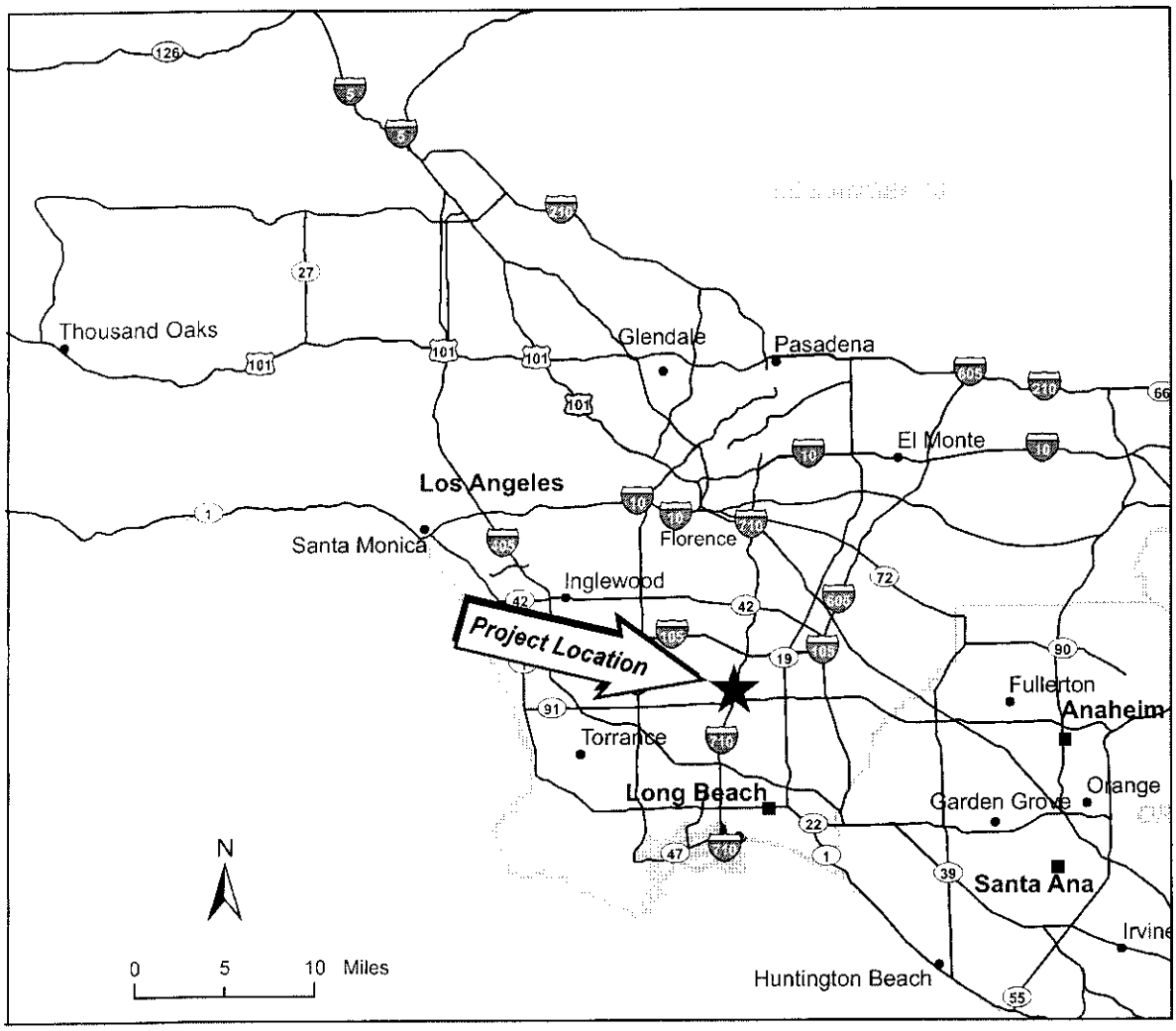
    - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

    - 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 Los Angeles 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.

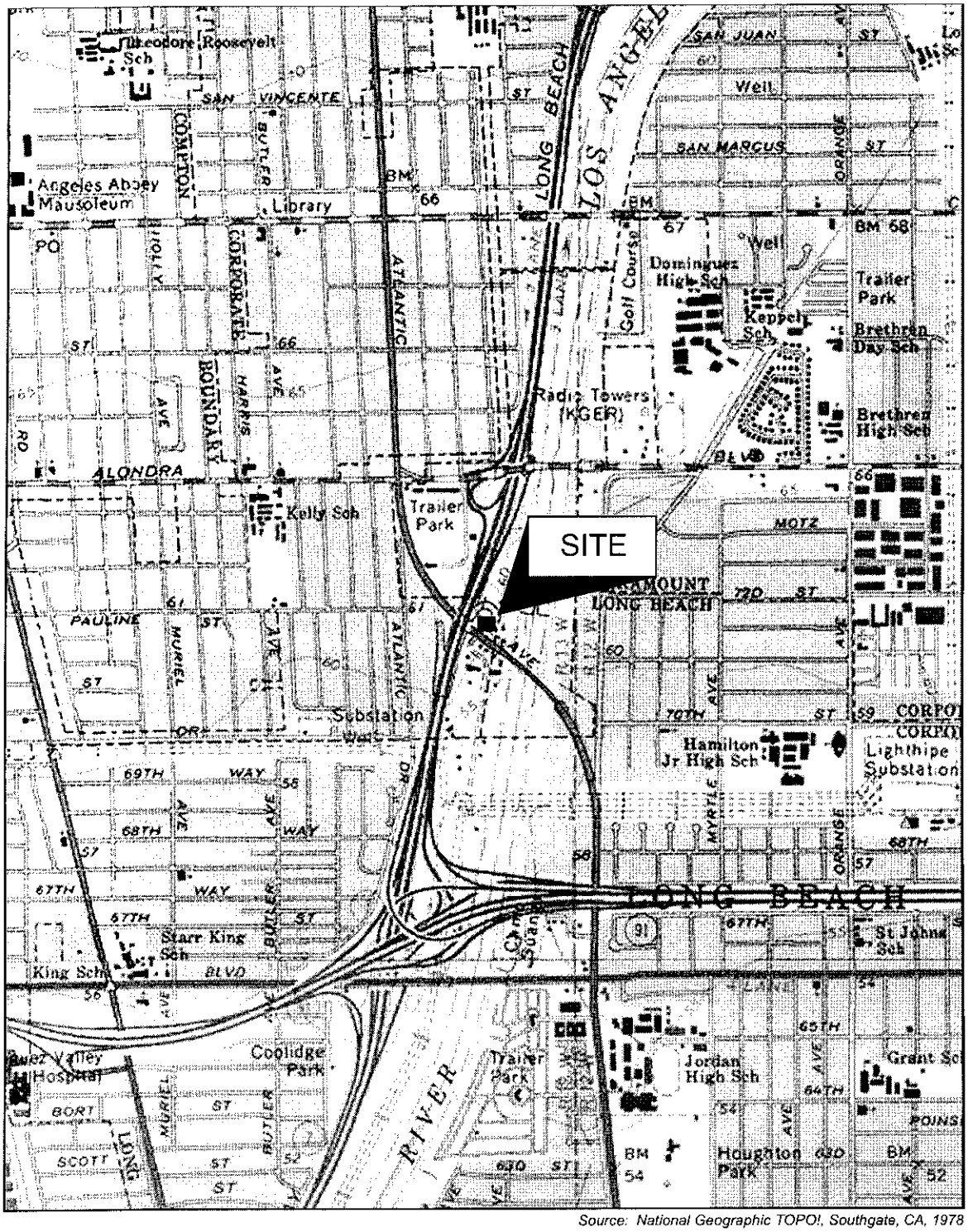
Prepared by:	Meighan Jackson, MESM	**Title:**	Associate Planner/Biologist
Date:	March 23, 2004		
Concurred in:	Donald Dean	**Title:**	Environmental Officer, Community Development Commission of the County of Los Angeles
Date:	March 23, 2004		



Regional Location

Figure 1

LACDC



Source: National Geographic TOPO!, Southgate, CA, 1978

N

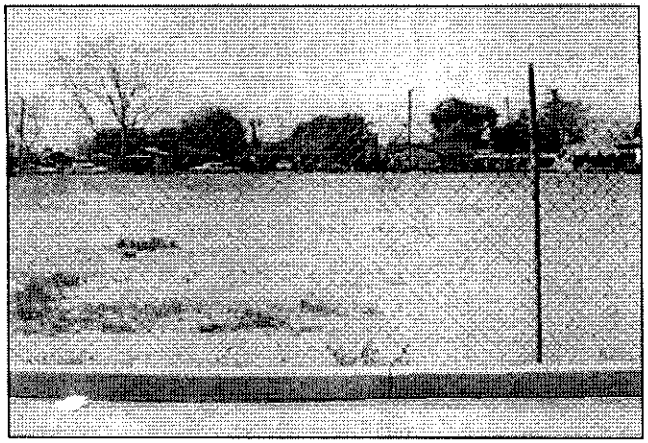
0 1000 2000

Scale in Feet

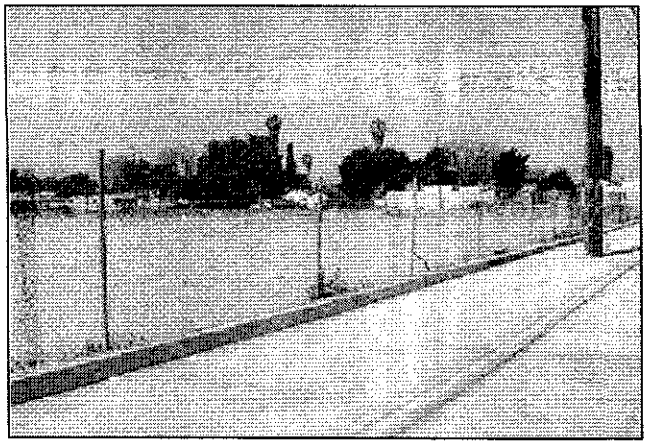
Project Vicinity

Figure 2

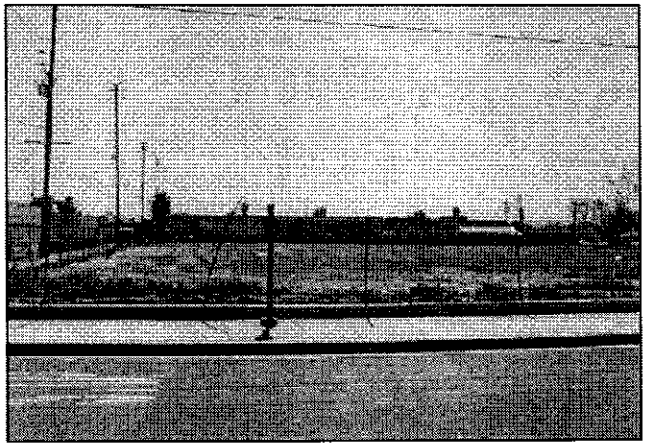
LACDC



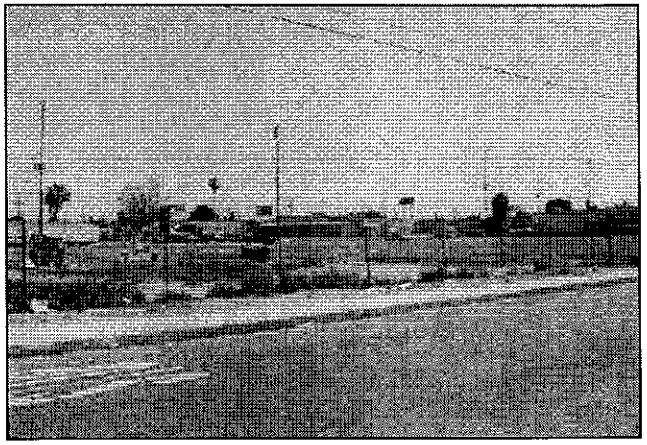
West-facing view from Atlantic Ave. of the lot at 15711 through 115811 S Atlantic Avenue, where the proposed project is to be built, March 11, 2004.



Northwest-facing view from Atlantic Ave. of the lot at the proposed project site, March 11, 2004.



South-facing view from Linsley St. of the lot at the proposed project site, March 11, 2004.



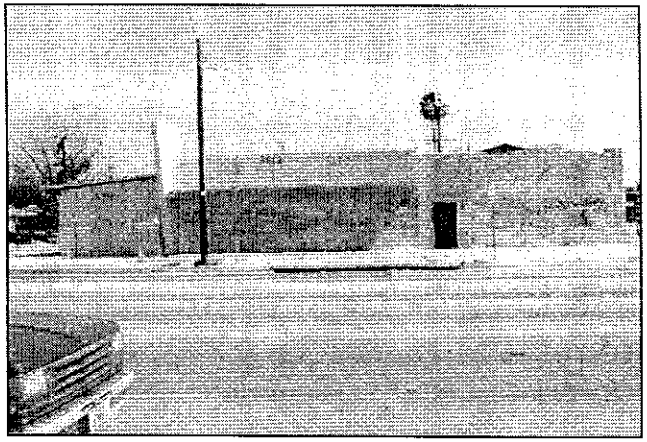
Southeast-facing view from Washington Ave. of the lot at the proposed project site, March 11, 2004.

Views of the Project Site

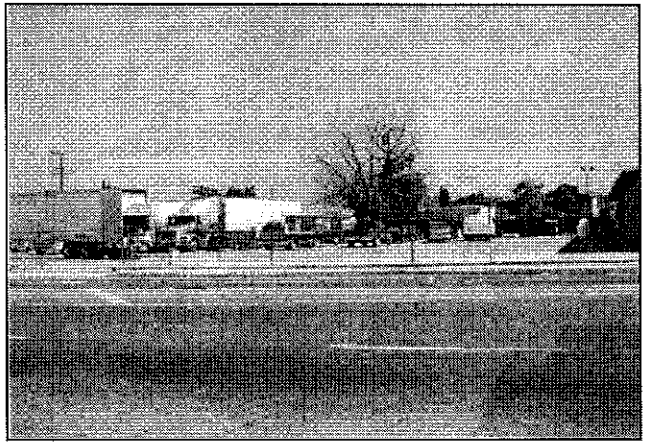
Figure 3a

LACDC

Northwest-facing view from Atlantic Ave. of the auto repair shop to the south the proposed project site, March 11, 2004.



East-facing view across Atlantic Ave. of the commercial unit to the east of the proposed project site, March 11, 2004.



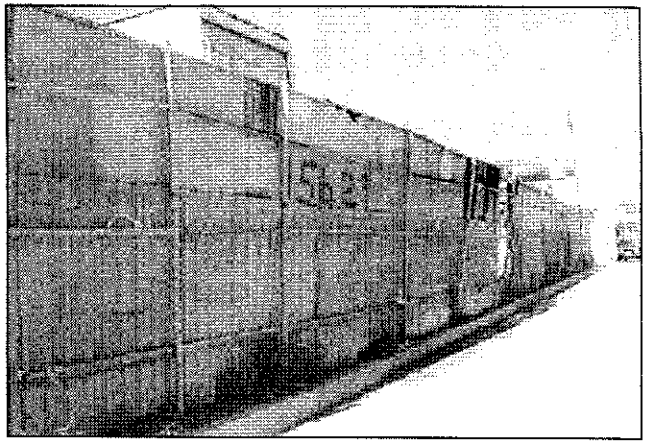
East-facing view across Atlantic Ave. of the parking lot for the commercial unit east of the proposed project site, March 11, 2004.

East-facing view across Atlantic Ave. of retail and office space to the east of the proposed project site, March 11, 2004.

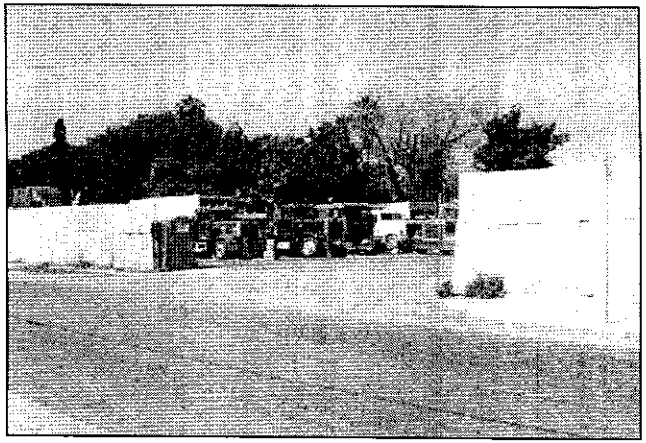
Views of the Project Site

Figure 3b

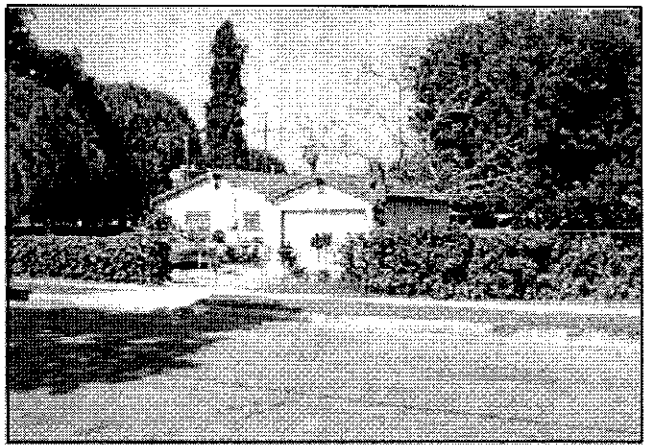
LACDC



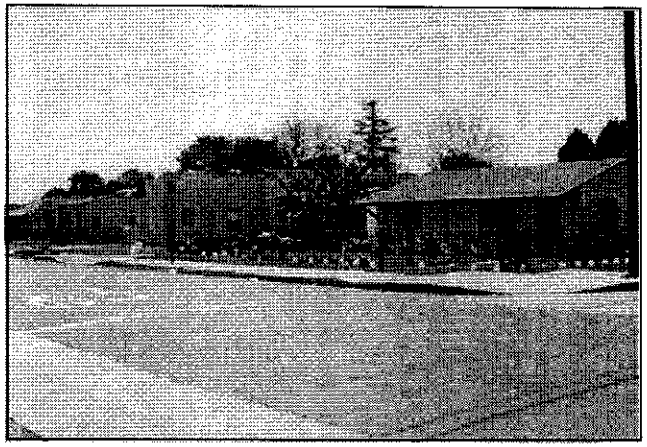
Northwest-facing view from Atlantic Ave. of the front of the truck lot yard to the north of the proposed project site, March 11, 2004.



Northwest-facing view across Linsley Street of the truck lot yard to the north of the proposed project site, March 11, 2004.



North-facing view across Linsley Street of single-family housing north of the proposed project site, March 11, 2004.



Southwest-facing view across Washington Ave. of single-family housing to the west of the proposed project site, March 11, 2004.

Views of the Project Site

Figure 3c

LACDC

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: 10 March 2004
Re: **Section 106 Evaluation, East Rancho Dominguez Mixed Use Housing Project**

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to construct up to 70 multi-family housing units along with a non-residential component consisting of retail and office space or community uses such as childcare or senior care. Up to five buildings will be constructed comprising approximately 90,000 square feet on a vacant 122,206 square foot site located on the west side of Atlantic Avenue between Linsley Street and Alondra Boulevard. Offsite improvements may include curbs, gutters, sidewalks, walkways and installation of utilities including sanitary and storm sewers.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself (APN 6181-027-901, 902, 903, 904, 905), the adjacent properties and the properties across Atlantic and Washington avenues and Linsley Street.

3. Description of Location of Undertaking

The project site contains eight contiguous vacant lots, consisting of approximately three acres, bounded on the east by Atlantic Avenue, on the west by Washington Avenue and on the north by Linsley Street, and on the south by commercial buildings in the unincorporated area referred to as East Rancho Dominguez and Compton in Los Angeles County. [Photo 1]

Adjacent to the project site on the south is a commercial strip mall from the 1980s. [Photo 2] Across Atlantic Avenue from the project site are scattered commercial buildings from the 1940s and later mixed with parking lots. [Photo 3]

Across Washington Avenue from the project site are primarily single family residences from the 1920s through the 1950s. [Photos 4-5] Across Linsley Street from the project site is a parking lot that appears to be used for truck storage. [Photo 6]

At the southeast corner of Atlantic Avenue and Alondra Boulevard is Dale's Donuts building. [Photo 7].

4. Historic Resources/National Register Determination

Historical Background

This block, bounded by Linsley Street, Atlantic Avenue, Washington Avenue and Alondra Blvd., is part of unincorporated East Rancho Dominguez and part of Compton. The earliest aerial photographs show this site originally was farmland that by 1938 was beginning to be developed with small residences or commercial buildings. Single family houses along the west side of Washington Avenue started development in the 1920s. Some of these houses remain today. In 1946 a large motel was constructed in the northernmost portion of the project site facing Atlantic Avenue with commercial buildings in the central and southwestern portion of the block. By 1997 the project site is vacant.

Physical Description

There are no buildings on the project site. Adjacent to the project site on the south is a strip mall

constructed in 1987. Across Linsley Street from the project site is a truck parking and storage area. The only historic resources within the APE are single family residences constructed in the 1920s located along Washington Avenue across from the project site. There are also some scattered commercial buildings from the 1940s or later across Atlantic Avenue from the project site.

Just outside the APE at the southeast corner of Atlantic Avenue and Alondra Boulevard is Dale's Donuts building, an excellent example of programatic architecture from the late forties or early fifties. In the case of this building, the sign is programatic, reflecting what it sells, the giant donut. This building may be eligible for listing on the National Register, but will not be addressed in this report because it is outside the area of the APE and will not be impacted by any proposed development.

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 buildings within the APE meet the fifty year requirement for National Register eligibility. They do not appear to be associated with an event that has made a significant contribution to the history of Compton and East Rancho Dominguez (Criterion A).

They do not appear to be associated with the lives of any person significant in our past (Criterion B). They do not embody the distinctive characteristics of a type or method of construction (Criterion C). The residences are fairly common examples of 1920s period revival styles. Some of the residences have also had changes to windows. The commercial buildings have been extensively altered and no longer retain their original design.

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

5. Information from Local Organizations

No information was collected from local organizations.

6. Selected Sources

Block Environmental. "Phase I Environmental Site Assessment Report, South Atlantic Avenue, East Rancho Dominguez and Compton, California", September 25, 2003.

California Historical Landmarks, 1990

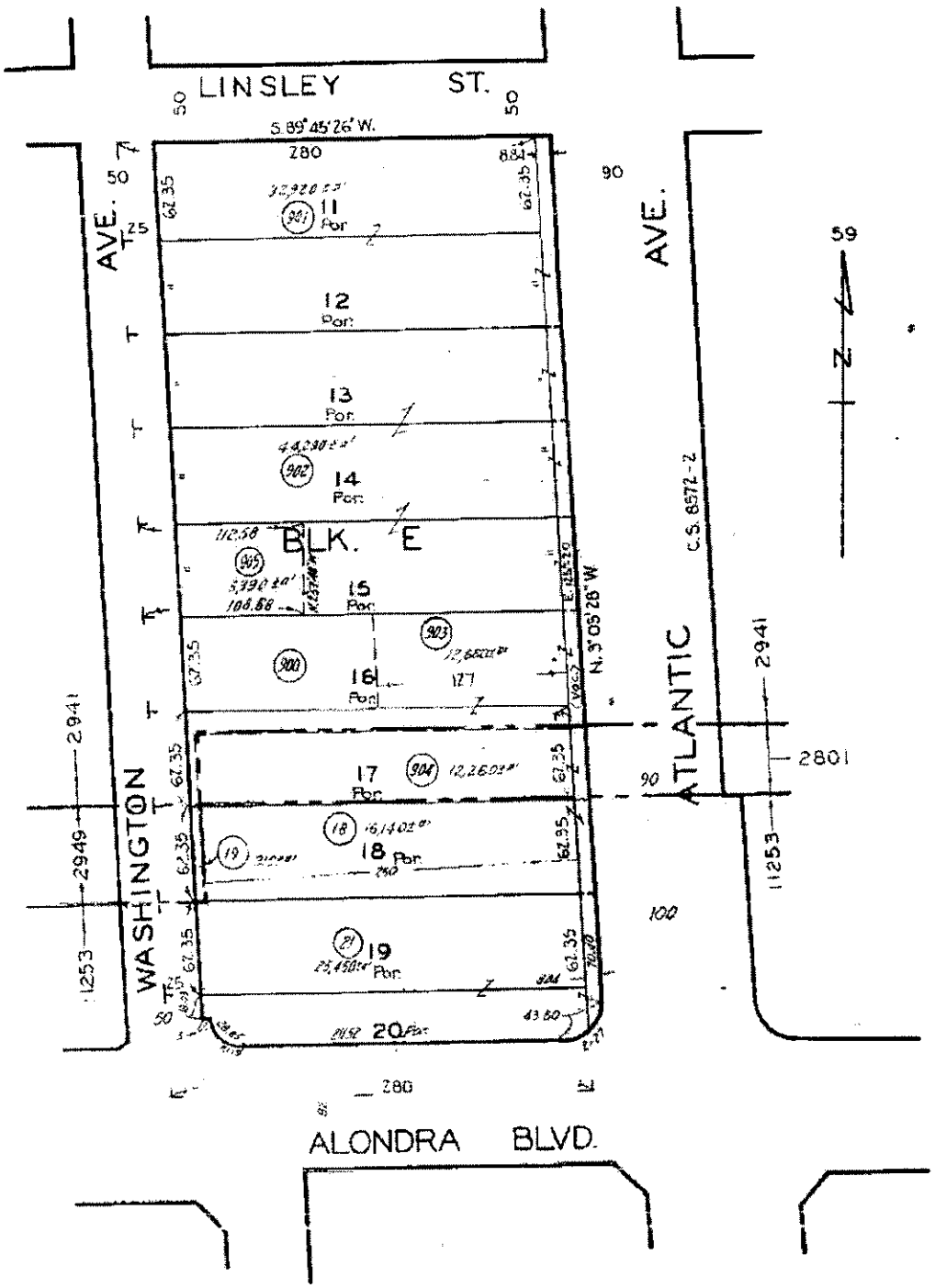
Dataquick Computerized Real Estate Information

Ethnic Survey, Los Angeles County entries.

Federal Register Listings through January, 2003

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

Heimann, Jim and Georges, Rip. *California Crazy, Roadside Vernacular Architecture.* San Francisco: Chronicle Books, 1980.



SITE LOCATION
Source: Los Angeles County Assessors Maps, Book 6181, Page 27

PHOTO 1. Project site: corner of Linsley and Atlantic Bl., facing south (9 March 2004).

PHOTO 2. Alondra Ave. strip mall adjacent to project site, facing west (9 March 2004).

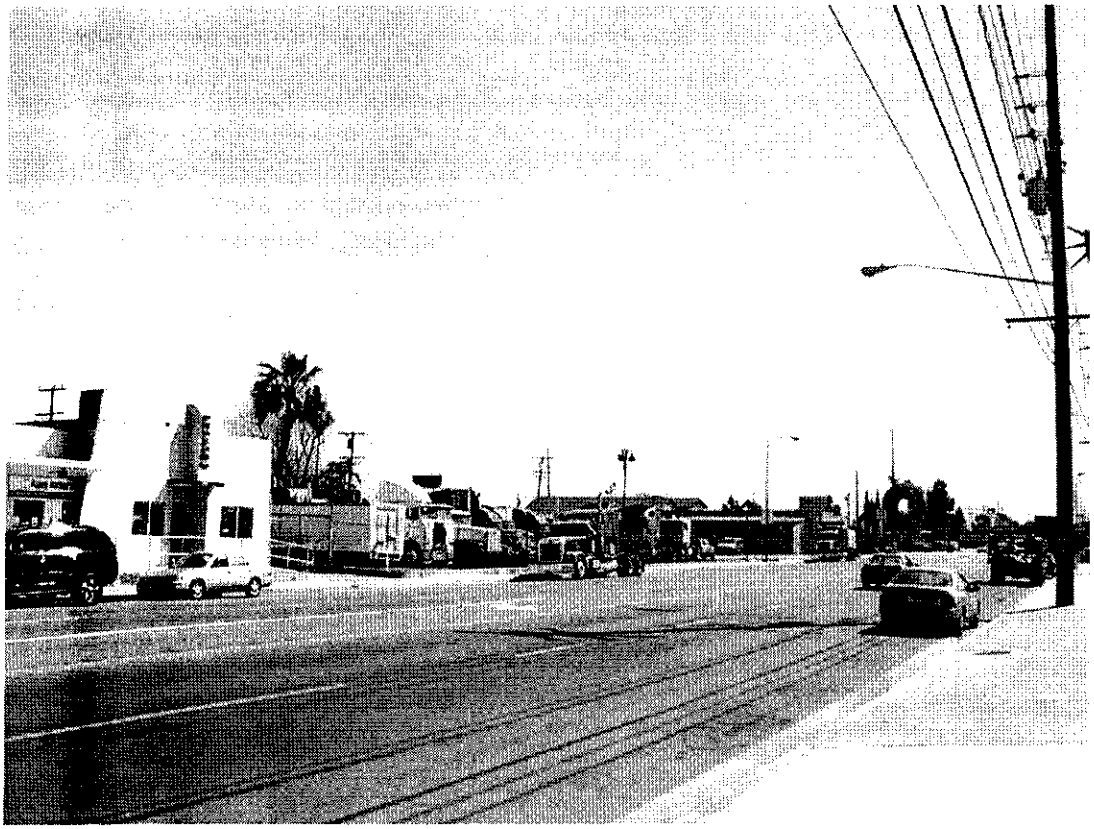


PHOTO 3. View looking south on Atlantic Bl. from project site. (9 March 2004).

PHOTO 4. View looking west from project site across Washington Ave. (9 March 2004).

PHOTO 5. View looking west across Washington Ave. from project site (9 March 2004).

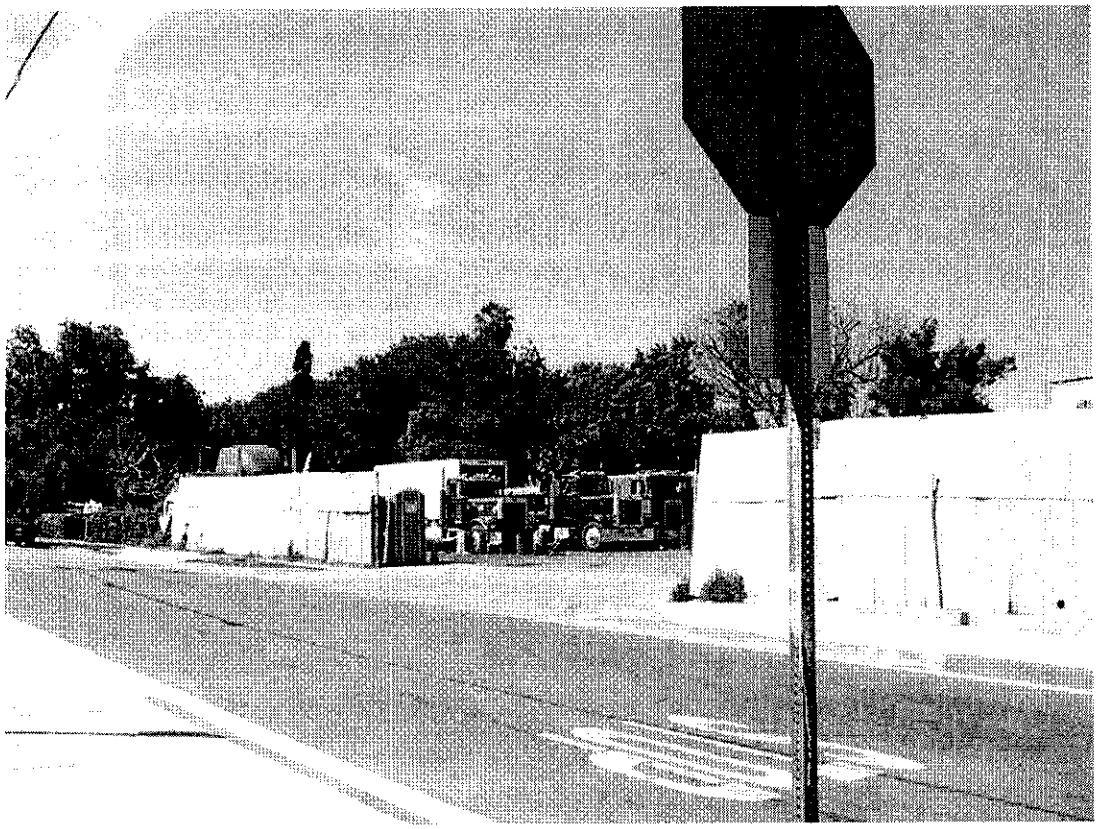
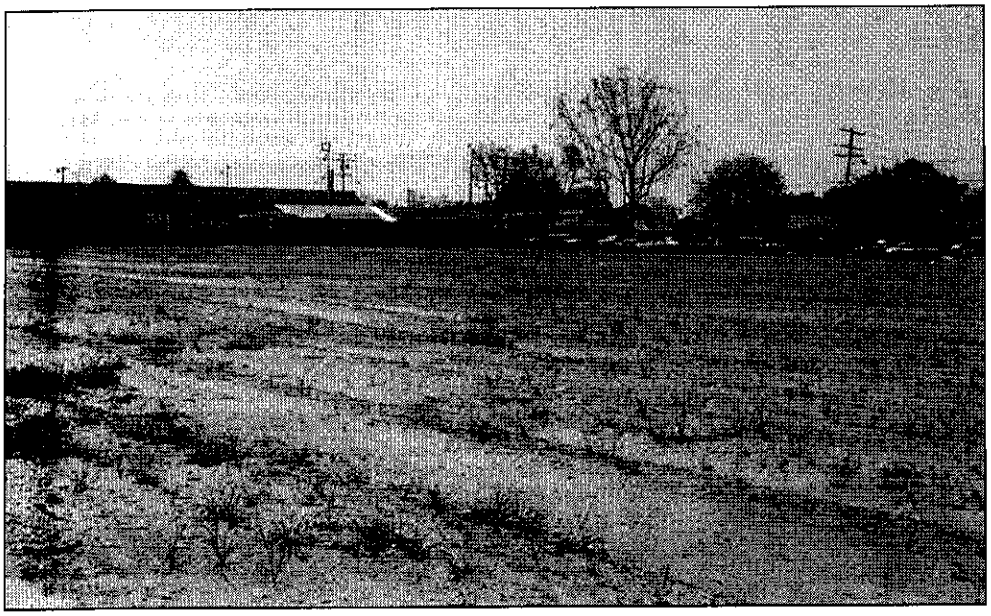


PHOTO 6. View looking west across Linsley St. from project site (9 March 2004).

PHOTO 7. View looking southeast across Alondra Blvd. and Atlantic Ave. (9 March 2004).



PHASE 1 ARCHAEOLOGICAL INVESTIGATION OF 2.8 ACRES FOR THE EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT 15711, 15715, 15803 & 15811 SOUTH ATLANTIC AVENUE 15728 & 15802 SOUTH WASHINGTON BOULEVARD EAST RANCHO DOMINGUEZ & COMPTON LOS ANGELES COUNTY, CALIFORNIA (USGS 7.5' South Gate)

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. 04-204
March 15, 2004

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name/No.:	**Location:**	**Thomas Bro.**	**Assessor Parcel Nos.**	**CDC Contact:**
East Rancho Dominguez Mixed Use Housing Project	15711, 15715, 15803 & 15811 South Atlantic Ave., 15728 & 15802 South Washington Blvd., East Rancho Dominguez and Compton, Los Angeles County	**Grid:** Pg.735/D5	6181-027-901, -902, -903, -904 & -905	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 the East Rancho Dominguez Mixed Use Housing Project. Federal funds will be used in the construction of up to 70 affordable multi-family housing units along with a non-residential component consisting of retail and office space or community uses such as childcare or senior care on a vacant 122,206 square foot site located at 15711, 15715, 15803 & 15811 South Atlantic Avenue and 15728 & 15802 South Washington Boulevard in East Rancho Dominguez and Compton, Los Angeles County (Exhibits 1, 2 & 3). Off-site improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities including sanitary and storm sewers.

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

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results, field survey findings and extent of past ground disturbances, no impacts to archaeological resources are anticipated from development of the East Rancho Dominguez Mixed Use Housing Project. Therefore, no further archaeological investigations are warranted prior to project approval. In the event that prehistoric or historic materials are exposed during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until an 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 2.8 acre area of potential effect (APE) includes Assessor Parcel Numbers 6181-027-901, -902, -903, -904 & -905. The APE is located northwest of Alondra Boulevard and Atlantic Avenue in an unincorporated area of Los Angels County, known as East

Rancho Dominguez and Compton. The APE is bordered by Linsley Street and residential properties to the north, Atlantic Avenue and commercial properties to the east, commercial properties to the south, and by Washington Boulevard and residential properties to the west.

The APE has been graded flat and has a gentle slope to the south. Elevation of the APE is approximately 63 feet above mean sea level. Project site soils consist of floodplain and river-channel sediments including coarse-grained alluvium with some silt, sand and gravel. The APE has been graded and vegetation is sparse. No stands of native vegetation occur on or adjacent to the APE. The Los Angeles River is located approximately 457 meters (1,500 ft.) east of the APE.

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 overview of aerial photographs of the APE is taken from Block Environmental's 2003 Phase I Environmental Site Assessment Report.

1938 - The northern third of the APE is farmland. Several small buildings are located in the central third of the APE, while the bottom third is vacant. Farm land with scattered residential housing surrounds the APE.

1954 - As many as nine building are present within the APE. The surrounding property to the north, south and west is farmland with scattered residential housing. An automobile sales lot is located to the east of the project site.

1963 - Land uses are similar to those described in the 1954 photograph.

1972 - As many as 14 buildings are within the APE. Six to seven residential buildings are located in the northwestern half of the APE. A motel is located in the northernmost parcel and five to six commercial buildings are located in the central and southwestern portions of the APE. Surrounding land use includes residential to the north and west, and commercial to the east and south.

1985 - Land uses are similar to those described in the 1972 photograph with the addition of

one more structure within the APE.

1992 - Only four buildings are present within the APE, including one to two residential buildings in the northwestern half and one to two commercial buildings in the central-western portion. Surrounding land use is the same as in the 1972 photograph.

1997 - The APE is vacant and covered in grass/weeds. Adjacent land uses include residential and junkyard to the north, commercial to the east and south, and residential to the west.

No Sanborn Fire Insurance maps were found for the APE (Block 2003:9).

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle - Hollywood	March 15, 2004 Conducted by Mary Maki
National Register of Historic Places (NRHP)	National Park Service 2004
California Historic Landmarks	2004 Office of Historic Preservation California Dept. Parks and Recreation
California Points of Historical Interest	1992
California State Historic Resources Inventory	Updated quarterly 2004

Results:

No archaeological sites are recorded within a 0.5-mile radius of the APE. Seven archaeological surveys are recorded within a 0.5-mile radius of the APE, none of which included the APE.

The listings of the National Register of Historic Places (NRHP), California Historical Landmarks, and California Points of Historical Interest include no properties within or adjacent to the project APE (National Park Service 2004; Office of Historic Preservation 2004a & 1992). The California State Historic Resources Inventory lists no significant historical properties within or adjacent to the project APE (Office of Historic Preservation 2004b).

The 1925 USGS Clearwater Quadrangle shows no structures within the project area, but the surrounding streets are present.

Historian Judy Triem is in the process of conducting a Section 106 review of the project APE's built environment.

V. FIELD METHODS

The APE was surveyed by archaeologist Mary Maki, M.A. on March 15, 2004 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 15 years

archaeological experience in southern California.

Linear transects spaced three meters (10 feet) apart were used to survey the vacant APE. The APE was graded and had sparse weedy vegetation. Ground surface visibility was very good, except in the few areas where remnant patches of badly eroded asphalt remained. The ground surface throughout the APE appears to have been cut down at least 15 centimeters (6 in.).

A Washington Boulevard resident stated that a church, a wrecking yard, a single-family home with a pool, a motorcycle shop, a junkyard, and a motel once stood within the APE. Since the demolition of those structures, the property has been used for parking trucks and crushing rocks.

No evidence of prehistoric or historic archaeological resources was observed within the APE. A small amount of modern, roadside trash is scattered throughout the APE.

VI. REMARKS

Based on the SCCIC record search results, field survey findings and extent of past ground disturbances, the proposed project is expected to have no impact on archaeological resources. No further archaeological investigation is warranted prior to project approval. 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. If archaeological resources are exposed during project construction, all earth disturbing work within 50 meters (164 ft.) 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:** March 16, 2004

VIII. MAPS

Project Vicinity ☒ USGS 7.5' South Gate, California Quad ☒ Archaeological APE ☒

IX. PHOTOGRAPHS

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

X. CITATIONS

Block Environmental

2003 Phase I Environmental Site Assessment Report, 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, East Rancho Dominguez and Compton, California. Prepared for Community Development Commission of the County of Los Angeles.

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.

Los Angeles County Assessor

2004 http://assessormap.lacountyassessor.com/mapping/viewer.asp

McCawley, William

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

National Park Service

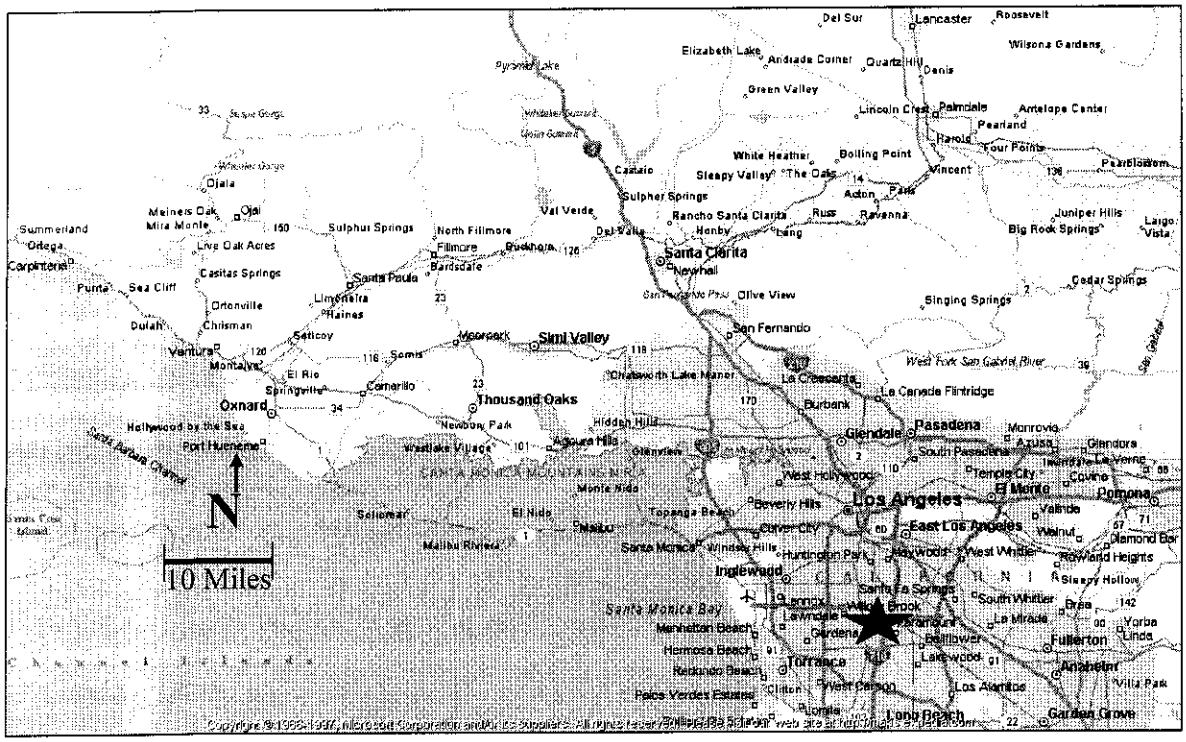
2004 National Register of Historic Places. http://www.cr.nps.gov/nr/research/nris.htm. Department of the Interior.

Office of Historic Preservation

2004a California Historical Landmarks. http://ceres.ca.gov/geo_area/counties/LosAngeles/landmarks.html. Department of Parks and Recreation, Sacramento, California.

2004b 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.

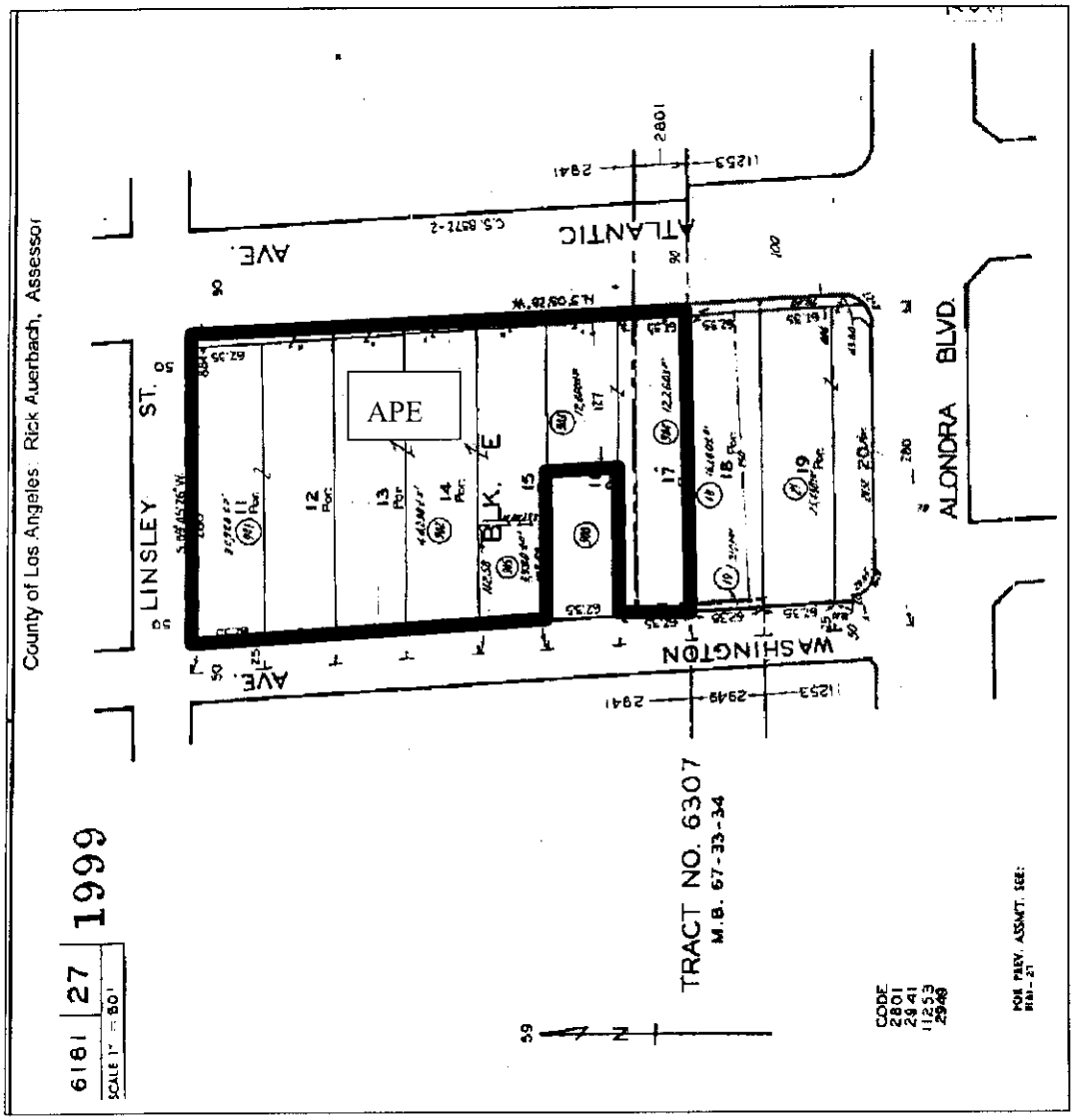


PROJECT VICINITY MAP

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 1



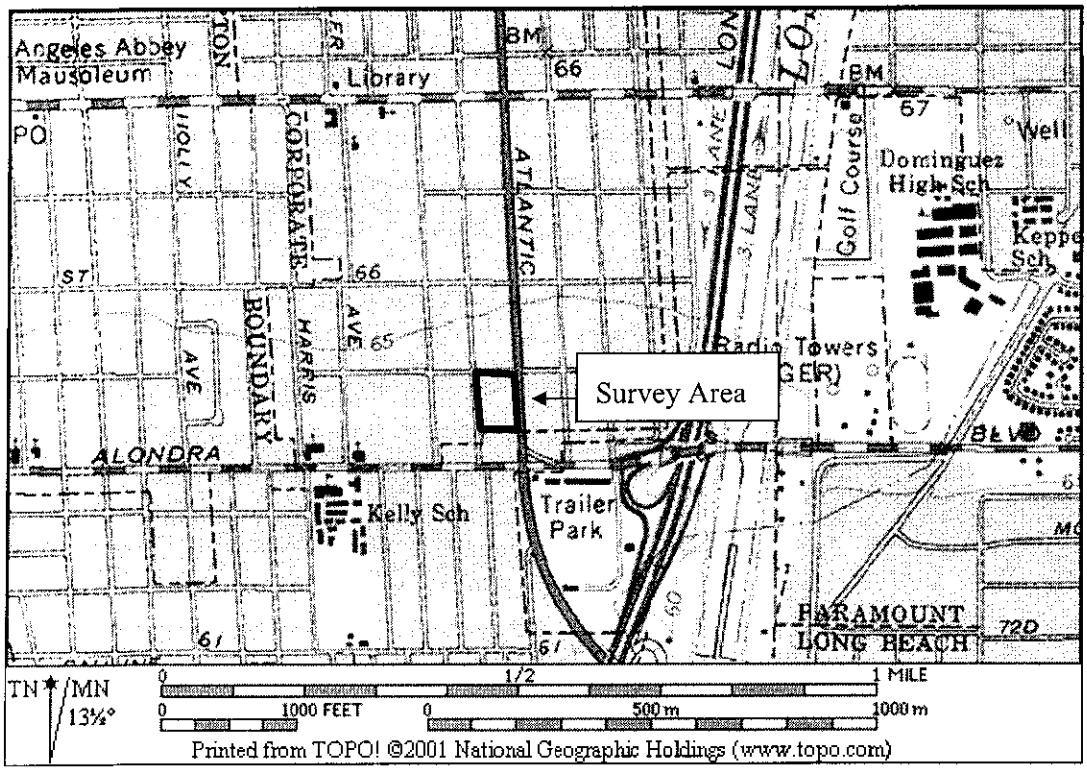
Source: Los Angeles County Assessor - http://assessormap.lacountyassessor.com/mapping/viewer.asp

AREA OF POTENTIAL EFFECT

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 2



USGS 7.5' South Gate Quadrangle 1964, photorevised 1981

CULTURAL RESOURCES SURVEY AREA

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 3

Mitigation Monitoring Plan
Casa Dominguez 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. 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.	Landscape Architect Architect/Contractor	Community Development Commission Community Development Commission	Design/Operation Construction
Noise. In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design: •Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed. • Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications). • Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.	Architect/Contractor Contractor Contractor	Community Development Commission Community Development Commission Community Development Commission	Construction Construction 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

FOR

DEVELOPMENT OF 15787 SOUTH ATLANTIC AVENUE,

EAST RANCHO DOMINGUEZ

by and between the

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

a public body corporate and politic

and

CASA DOMINGUEZ, L.P.

a California Limited Partnership

_____ ___, 2006

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DISPOSITION AND DEVELOPMENT AGREEMENT

Transaction Summary

Project Name: Casa Dominguez

Borrower Name: CASA DOMINGUEZ, L.P.

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

HOME Funds:

HOME Predevelopment/Construction Loan Amount: $5,009,411 Interest Rate: 3% simple, 10% Default,

HOME Permanent Loan Amount: $3,009,411

HOME Loans Repayment term: 55 years. Repayment type: ☒ residual receipts: pro rata share of (70%) of residual receipts shared with other residual receipts loans.

CDBG Funds:

CDBG Land Acquisition Loan Amount: $ 1,685,000 Interest Rate: 3% simple, 10% Default

CDBG Loans Repayment term: 55 years. Repayment type: ☒ residual receipts: pro rata share of (70%) of residual receipts shared with other residual receipts loans.

Total Number of Units in Project: 70 Number of assisted units 69

Location (Jurisdiction): Unincorporated East Rancho Dominguez and City of Compton

Site Acreage: 2.75 acres

Project Type: rental for ☐ Seniors ___ years and older ☒ Families ____
☐ special needs (specify:_____.

Use of HOME Funds: ☐ Acquisition ☒ Predevelopment ☒ Construction ☒ Permanent
☐ Collateral Pledge
☐ Rehabilitation ☐ _____

Use of CDBG Funds: ☒ Acquisition ☐ Construction ☒ Permanent
☐ Collateral Pledge ☐ Rehabilitation ☐ _____

Affordability 55 years; No./size of HOME units, income levels: 69 HOME units.**

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*		1	3	3	1	8
45% Income*		2	4	4	2	12
50% Income*		7	19	16	7	49
Manager				1		1
Totals		10	26	24	10	70

- * Area Median Income
- ** 7 units reserved for Emancipated Foster Youth

Other Permanent Project Financing Sources / Priority Relative to Commission Loans:
Note: Final funding amounts are subject to change.

(1) Conventional Loan $ 1,849,200 ☒senior ☐junior ☐parity/NA
(2) City of Industry (proposed) $ 2,000,000 ☐senior ☐junior ☒parity/NA
(3) Tax Credits $14,176,282 ☐senior ☐junior ☒parity/NA
(4) FHLB AHP $ 385,000 ☐senior ☒junior ☐parity/NA
(5) Deferred Developer Fee $ 320,000 ☐senior ☐junior ☐parity/NA

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

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is made as of the _____ day of _____, 2006, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and Casa Dominguez, L.P., a California Limited Partnership (listed in the Transaction Summary above) ("Borrower"). Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

RECITALS

A. WHEREAS, the Commission issued a Request for Proposals ("RFP") on November 17, 2003, for the development of certain real property located at 15787 South Atlantic Avenue (the "Site") in the East Rancho Dominguez Community Redevelopment Project Area (the "Project Area") in the unincorporated County and the City of Compton, and said RFP is incorporated herein by this reference in its entirety as though fully set forth.

B. WHEREAS, this Agreement is in response to the RFP, and the subsequent Agreement to Negotiate Exclusively, which was entered into between the Borrower and the Commission on August 31st, 2004 in accordance with the RFP's requirements, following selection of the Borrower's Development Proposal ("Development Proposal").

C. WHEREAS, Borrower desires to borrow the principal amount of up to FIVE MILLION NINE THOUSAND FOUR HUNDRED ELEVEN DOLLARS ($5,009,411) ("HOME Loan ") which shall be provided from the HOME Investment Partnerships Program, 24 CFR Part 92 ("HOME") Program funds, as described further below . The HOME Loan will be evidenced by a promissory note (the "HOME Note") attached hereto as Exhibit "C-1.", and secured by a Deed of Trust, in the form attached hereto as Exhibit "D," (the "Commission Deed of Trust").

D. WHEREAS, the Borrower desires to borrow the principal amount of ONE MILLION SIX HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($1,685,000) in Community Development Block Grant Program (CDBG) funds allocated to the Second Supervisorial District,("CDBG Land Acquisition Loan"), together with the HOME Loan collectively known as the Commission Loans ("Commission Loans"). The CDBG Land Acquisition Loan will be evidenced by a promissory note (the "CDBG Land Acquisition Note") attached hereto as Exhibit "C-2" and secured by the Commission Deed of Trust.

E. WHEREAS, the Project will be developed on the Site, which is legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "G", and reduced site plans and elevations for the Project are attached as Exhibit "I".

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

G. WHEREAS, Borrower intends to apply for Industry funds in the amount of $2,000,000 and should said Industry funds be awarded, may be used to repay all or a part of the HOME loan.

H. WHEREAS, Borrower shall cause the zoning of the Site (including obtaining any zone change, general plan amendment, redevelopment plan amendment, conditional use permit, and any

other needed permit, variance, or approval) to be such as to permit the development of the Project by the Borrower.

I. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for low-income persons as described in the Transaction Summary above, including the provision of seven (7) units of the housing units for Emancipated Foster Youth. The Borrower will provide supportive services ("Supportive Services") to the extent described in Section 8 below and in Exhibit "H". Additionally, the Project will provide community services ("Community Services") consisting of a childcare center, health clinic, family and parent resource center, which services shall be provided to Project residents as well as the surrounding community, as more particularly described in Exhibit "H".

I. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the HOME Note, CDBG Land Acquisition Note, Commission Deed of Trust and the "CC&R's" (as those terms are defined below) to secure repayment of the Commission Loan by Borrower as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

J. WHEREAS, the Commission desires to make available the Commission Assistance and convey the Site to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

DISPOSITION AND DEVELOPMENT AGREEMENT

1.0 PURPOSE OF AGREEMENT

1.1 Scope of Work.

The Borrower shall construct, or cause to be constructed, the Project on the Site as described further in Exhibit "G", and depicted in Exhibit "I". In addition to the housing units with affordability restrictions as described in the Transaction Summary, the Project will provide Community Services ("Community Services"), including a childcare center, health clinic, and parent resource center, as further described in Exhibit "H", which shall occupy a standalone structure with services available to project residents as well as the general public.

The Borrower shall reserve seven (7) units of the housing units in the Project to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems ("Emancipated Foster Youth"). For a period of One Hundred Eighty (180) days from the date of this Agreement, Borrower shall negotiate diligently and in good faith to the satisfaction of the Commission to enter into a Master Lease Agreement or other acceptable arrangement for such units with a third party organization approved by the Commission. If upon the expiration of that period, Borrower demonstrates to the satisfaction of the Commission that master-leasing units is not feasible, within 30 days, Commission shall issue written notice of waiver of this requirement.

2.0 PROMISSORY NOTES; LOAN REPAYMENT.

2.1 Notes

As one of the conditions to conveyance of the Site and disbursement of funds under Section 6 below, Borrower shall execute the HOME Note and CDBG Land Acquisition Note, collectively the Commission Notes (the "Commission Notes") in the form of Exhibits "C-1 and C-2" attached hereto, which Notes set forth terms and conditions for the repayment of the Commission Loan. The Commission Notes shall be secured by the Commission Deed of Trust in the form of Exhibit "D" attached hereto.

2.2 Interest

The disbursed and unpaid principal balance of the Commission Loan shall bear interest commencing on the date on which such Commission Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest, ("Commission Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty (360) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of seven (7) units per annum ("Commission Default Rate").

2.3 Payment Dates and Amounts; Term

As set forth in greater detail in the Notes, Borrower shall repay the Commission Loans, together with accrued interest in arrears, in annual installments on the 15th day of March of each calendar year for the previous fiscal year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to a pro-rata percentage share of seventy percent (70%) of all "Residual Receipts" (as defined in the Notes) for the prior calendar year. The pro-rata percentage share of seventy percent (70%) of all Residual Receipts will be calculated by dividing the outstanding principal balance of the Commission Loans by the sum of the outstanding principal balance of the Commission Loans and the outstanding principal balances associated with all other Residual Receipts loans, including the proposed Industry Residual Receipts Loan. Residual Receipts shall be calculated and reported to Commission annually for each fiscal year no later than March 15th of the following calendar year on forms specified and provided by Commission from time to time. All calculations and records are subject to audit by Commission. Notwithstanding any other provision of the Notes or this Agreement, unless due sooner, the entire outstanding principal balance of the Loans together with any outstanding interest and any other sums payable under the Notes shall be due and payable in full on the Maturity Date.

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

In addition to the foregoing, as additional payment towards the outstanding balance of the Commission Loans, within fifteen (30) days after receipt of Form 8609 from TCAC for the Project, Borrower will repay to Commission one hundred percent (100%) of any Unexpended Development Funds up to the unpaid principal balance of the Commission Loanss. Unexpended Development Funds is defined as (1) the total sources of financing received by the Project as of completion of construction and funding of all permanent financing sources, less (2) total development costs as incorporated in the development cost audit conducted in association with the application for the Form 8609 for the Project plus any reasonable additional costs approved by

Commission, including construction loan interest incurred after completion of the cost certification but prior to permanent loan conversion. Unexpended Development Funds include, but are not limited to any cost savings and unused contingency funds. Borrower shall promptly inform Commission of any changes in the amount, terms and/or sources of financing or funding of the Project. Unless otherwise approved by Commission, any increases in a financing source shall be utilized to repay Commission's loan amounts up to the unpaid principal balance of the Notes.

2.4 Payments Due on Transfer or Refinance.

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

2.5 Other Funding Sources

The Borrower shall submit in good faith an application to the California Tax Credit Allocation Committee ("TCAC") or whatever state agency which shall administer the Low Income Housing Tax Credit Program, for an allocation of Federal and/or State Tax Credits ("Tax Credits"). In the event that Tax Credits are obtained for the Project, upon receipt of the equity payments from the syndication of the Tax Credits, the Borrower shall apply the proceeds of the equity payments from the syndication of Tax Credits to pay for the Project's development costs. Borrower shall apply at least, but no more than, twice in successive applications for nine percent (9%) Tax Credits beginning with the 2006-B funding cycle.

The Borrower shall also submit in good faith an application to the Housing Authority of County of Los Angeles ("HACOLA") for the maximum allocation of Industry Funds ("Industry Funds") at the time of application.

3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Sections 1 and 2 above, upon the occurrence of any "Event of Default" as set forth in Section 17 below, the entire outstanding principal balance of the Commission Loans, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS.

At any time after the disbursement of the proceeds of the Loanand the conveyance of the Site, Borrower may prepay all or a portion of the unpaid principal amount of the Notes and accrued interest and any other sums outstanding without penalty. Borrower hereby agrees and understands that the prepayment of the Notes shall not relieve Borrower of the duty to comply with the covenants described in Sections 10, 12, and 13 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Notes' principal or interest thereon) due under the Notes or this Agreement, then toward outstanding interest accrued at the "Default Rate" of seven (7) units per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Notes.

5.0 SECURITY AND SOURCE OF PAYMENT.

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

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

6.0 ESCROW; CONDITIONS TO CONVEYING THE SITE/ DISBURSEMENT OF HOME FUNDS

6.1 Except to the extent Commission's Executive Director directs in writing that some or all of the other disbursement and/or deliveries shall occur outside of Escrow, the conveyance of the Site in accordance with this Agreement, delivery of the executed Note to Commission, and recordation of the Deed of Trust and other Loan Documents (as defined in Section 6.2(5) below) to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by Commission. Borrower shall obtain Commission's approval of an Escrow Holder and open Escrow not later than 60 days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

6.2 The following conditions are precedent to the Borrower's obligation to acquire the Site and the Commission's obligation to disburse up to $250,000 in HOME funds for predevelopment expenses under this Agreement, and if such conditions (collectively, the "Closing Conditions") are not satisfied on or before the date ("Closing Deadline") which is One Hundred Eighty (180) days following the date of this Agreement, the Borrower or Commission may elect to terminate this Agreement as specifically provided in each of the Sections of this Agreement referenced herein below.

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

(b) Borrower's due execution and deposit into Escrow of certified copies of the Notes;

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

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

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

(f) First American Title, North American Title, Chicago Title, Stewart Title, or another title company approved by the Commission ("Title Company") shall have assured the Commission in writing that upon recordation of the Deeds of Trust there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7, 116 and 122 and such other endorsements as the Commission shall reasonably require) issued by the Title Insurance Company in the amount of the Commission Loan , insuring the Commission's interest in the Property as beneficiary under the Deed of Trust, and specifically insuring that the lien of the Deed of Trust and the CC&R's against the Property are subject only to any exceptions to title applicable to the Property which were expressly approved in writing by the Commission ("Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing.

(h) Borrower shall have furnished the Commission and obtained Commission's approval of all soils, geologic reports and other development related reports existing with respect to the Site. Borrower hereby acknowledges that Commission'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 Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter.

(i) Borrower shall have furnished Commission with documentation satisfactory to Commission evidencing the coverages required by Section 10.8 below.

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

(k) Borrower has provided the Commission affirmative action and community

business enterprise plans in form satisfactory to the Commission;

(l) Borrower shall have furnished Commission and obtained Commission's written approval of a development budget in a form approved by the Commission;

(m) Borrower shall have furnished Commission and obtained Commission's written approval of a Schedule of Performance for the completion of the Project;

(n) Borrower shall have furnished the Commission with evidence satisfactory to the Commission that Supportive Services and Community Services will be provided as described in Exhibit "H".

(o) Borrower shall have furnished the Commission with a Master Lease Agreement, or other documentation acceptable to the Commission, between the Borrower and a service provider approved in writing by the Commission to make available seven (7) units of the housing units in the Project as permanent housing for Emancipated Foster Youth or obtained a written waiver of this requirement from the Commission.

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

(i) conveying title of the Site to the Borrower, by the Grant Deed (Exhibit "F"), as provided in Section 7.0 of this Agreement;

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

(iii) delivering the executed original Notes to the Commission;

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

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

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

6.5 Conditions Precedent to Commencement of Construction and Disbursement of HOME construction funds.

The commencement of construction and Commission's obligation to make disbursements of the proceeds of the Loan under this Agreement other than predevelopment disbursements authorized under Section 6.1 shall be subject to the satisfaction of the following conditions on or before the date specified in the Schedule of Performance (Exhibit "O").

(a) Borrower shall have provided Commission with documentation satisfactory to Commission that all environmental mitigation measures stipulated to ensure the project's

compliance with the National Environmental Protection Act (NEPA) and/or the California Environmental Quality Act (CEQA) have been completed or provided for in the Project's plans;

(b) Borrower shall have furnished Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in an amount equal to the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, and names Commission as an additional obligee; (C) a performance bond for 100 percent (100%) of the contract price, guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee; and (D) any other plans, documents and approvals by Commission required under Exhibit "N" to this Agreement, entitled "Construction Requirements

(c) Borrower shall have furnished Commission and obtained Commission's written approval of a revised development budget in a form approved by the Commission, or assured the Commission in writing that the development budget submitted at the Close of Escrow is unchanged;

(d) Borrower shall have obtained Commission's written approval of a Multi-Party Construction Disbursement Agreement and supplemental instruction to Escrow Holder, if applicable, specifying the applicable payees and uses of any Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement;

(e) Borrower shall have furnished Commission with evidence that it has received commitments on all of the sources of projected assistance as enumerated in the Sources and Uses attached as part of Exhibit "J", or substitutions mutually acceptable to Commission and Borrower therefor. Furthermore, Borrower shall have obtained from issuing agencies as a result of the 2006 rounds of Low Income Housing Tax Credits ("Tax Credits") administered by TCAC such allocations of Tax Credits as will have allowed it to attract equity investments at least in the amount shown in Exhibit "J", Development Budget;

(f) Borrower shall have (a) obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available; and (b) furnished and obtained the Commission's approval of an operating plan and a Management Plan for the Project, including the provision of Community Services. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision, any such revision just be submitted to the Commission no later than 90 days prior to the occupancy of the Project and shall be approved by the Commission at its sole discretion;

(g) Borrower shall have obtained Commission's written approval of an agreement entered into with United Friends of the Children, or another third party services provider approved by the Commission, which shall establish procedures whereby seven (7) units of the Project units shall be master leased or otherwise made available to the service provider to provide permanent housing for Emancipated Foster Youth or obtained a written waiver of this requirement from the Commission.

(h) Borrower shall have obtained Commission's written approval, which will not

be withheld unreasonably, of a Local Hiring Plan, in substantial conformance with the Development Proposal, and subject to the requirements described in Section 10.14.

(i) Borrower shall have completed the Commission Design Review Process in accordance with Exhibit (P);

The conditions set forth in this Section 6.5 shall be satisfied by the date set forth in the Schedule of Performance or such other date as may be agreed upon by the Borrower and Commission, unless Commission waives the condition. In the event a condition is not met, so long as the Borrower has in good faith used its best efforts to meet the condition, as determined by the Commission, then the parties will attempt to revise the Project in a mutually acceptable fashion. If any of the conditions set forth in this Section 6.5 are not waived or satisfied by the date for waiver or satisfaction set forth above, then either party may terminate this Agreement upon thirty (30) days written notice to the other party without further liability; provided, however, upon such notice of termination, the Developer shall promptly reconvey the Site to the Commission.

7.0 CONVEYANCE OF SITE.

Possession of the Site shall be delivered to the Borrower concurrently with the conveyance of title, except Borrower may have access to the Site before conveyance of title as permitted in Section 7.6 of this Agreement.

7.1 Condition of Title.

The Commission shall convey the Site to the Borrower, and the Borrower shall accept the Site from the Commission subject to (i) the terms, conditions and provisions set forth in the Grant Deed, Exhibit "F", the Commission Deed of Trust, Exhibit "D.", and (ii) such recorded easements, encumbrances, covenants, assessments, leases, taxes and other title matters (the "Title Matters") accepted by Borrower in accordance with this Section. The Borrower shall, within thirty (30) days after the date of this Agreement, deliver written notice to the Commission and the Escrow Holder approving or disapproving any such Title Matters and, in the event the Borrower fails to deliver such notice, any Title Matters shall be deemed approved by the Borrower. In the event that the Borrower timely disapproves of any Title Matter, the Commission shall have thirty (30) days (the "Title Cure Period") after receipt of the notice of such disapproval to elect, by written notice to the Borrower and to the Escrow Holder, to remedy such disapproval by agreeing, prior to the Close of Escrow, to obtain removal from title of the objectionable Title Matter or by obtaining an endorsement from the Title Company with respect to such Title Matter. In the event the Borrower timely and reasonably disapproves of any Title Matter and the Commission does not elect during the Title Cure Period to remedy such disapproval in the manner set forth above, then the Borrower may, as its sole and exclusive remedies, either, within ten (10) days after expiration of the Title Cure Period, terminate this Agreement by written notice to the Commission and the Escrow Holder, in which event neither Party hereto shall have any further obligation to the other hereunder, or proceed to the Close of Escrow, in which case the Borrower agrees to purchase the Site subject to the disapproved Title Matters.

7.2 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed, or imposed for any period prior to the conveyance of title shall be borne by the Commission. All ad valorem taxes and assessments levied or imposed after Close of Escrow shall be paid by the Borrower.

7.3 Conveyance Free of Possession

Except as otherwise provided in this Agreement, including, without limitation, Section 1.0 and Exhibit "F", attached hereto, the Site shall be conveyed free of any possession or right of possession by any person except that of the Borrower and any easements of record.

7.4 Zoning of the Site

Not as a Closing Condition but as a requirement per the Schedule of Performance, the Borrower at its sole cost and expense shall cause the zoning of the Site (including obtaining any general plan amendment, zone change, conditional use permit, site plan approval, variance, and other permit or approval) to be such as to permit the development, construction, and use of the Project in accordance with this Agreement. In the event that the Borrower is unsuccessful (by the date set 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, and use of the Project as provided herein above, this Agreement may be terminated hereto by either Party by written notice and the Borrower and the Commission shall have no further obligation hereunder. However, in no event shall the Borrower terminate this Agreement pursuant to this Section 7.4 without first giving the Commission thirty (90) days prior written notice of its intent to so terminate this Agreement in order to give the Commission the opportunity to cause such zoning to so conform. The Commission shall in no event have any responsibility to the Borrower in the event the Commission is unsuccessful in obtaining any required zoning changes or variances for the Site and the Borrower's sole remedy in such event shall be to terminate this Agreement.

7.5 Condition of the Site.

Notwithstanding anything to the contrary in this Agreement, Borrower acknowledges that prior to the Close of Escrow, Borrower will have had the opportunity to investigate all physical and economic aspects of the Site and the Project and make all inspections and investigations of the Site that Borrower deems necessary or desirable to protect its interests in acquiring the Site, including, without limitation, review of all documents delivered or made available by the Commission and such other documents, reports or studies prepared by such third-party consultants retained by Borrower as Borrower deems necessary or desirable, and, except as otherwise expressly set forth in this Agreement and any documents delivered by the Commission to Borrower at the Close of Escrow, neither the Commission nor anyone acting for or on behalf of the Commission, has made any representation, warranty, promise or statement, express or implied, to Borrower, or to anyone acting for or on behalf of Borrower, concerning the Site or the condition, use or development thereof.

Borrower further represents and warrants that, in entering into this Agreement, Borrower has not relied on any representation, warranty, promise or statement, express or implied, of the Commission, or anyone acting for or on behalf of the Commission, other than as expressly set forth in this Agreement or in the closing documents, and that all matters concerning the Site have been or shall be independently verified by Borrower prior to the Close of Escrow, and that Borrower shall purchase the Site on Borrower's own prior investigation and examination of the Site (or Borrower's election not to do so).

AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE COMMISSION, SUBJECT TO ANY EXPRESS REPRESENTATIONS AND WARRANTIES OF THE COMMISSION CONTAINED HEREIN (TO THE EXTENT OF THE LIMITED SURVIVAL PERIOD SET FORTH HEREIN), BORROWER IS PURCHASING THE SITE IN AN "AS IS" CONDITION AND IN AN "AS IS" STATE OF REPAIR, WITH ALL FAULTS. Except as may be set forth in this Agreement or in the closing documents, Borrower waives, and the Commission disclaims, all warranties of any type or kind whatsoever with respect to the Property,

whether express or implied, including without limitation, those of fitness for a particular purpose and use. Notwithstanding anything to the contrary herein, Borrower and the Commission acknowledge that any written disclosures by the Commission prior to the Close of Escrow shall constitute notice to Borrower of the matter disclosed, and Borrower shall be deemed to have knowledge of the same to the extent of such disclosure, and the Commission will have no further liability thereafter if Borrower thereafter consummates the transaction contemplated hereby. In particular, but not in limitation of the foregoing paragraph, the Commission shall not be responsible for any items of work on the Site, or matters caused by items of work on the Site, and it shall be the sole responsibility of the Borrower to investigate and determine the conditions of the Site including without limitation the soils conditions and the suitability of such soil conditions for the Borrower Improvements (as hereinafter defined) to be constructed by the Borrower. If the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Borrower to take such action as may be necessary to place the soil conditions of the Site in a condition suitable for the development of the Site.

If the soil conditions on the Site require remediation and the cost therefore is Twenty-Five Thousand Dollars ($25,000) or less, the Borrower shall pay to have a qualified contractor correct the conditions, provided, however, Borrower shall not be responsible for such remediation if this Agreement is terminated by Borrower as permitted under this Agreement. If the soils conditions found on the Site are reasonably determined by a qualified contractor to require remediation which will cost in excess of $25,000, the Borrower shall so notify the Commission in writing within thirty (30) days after the date of this Agreement and may thereby cancel this Agreement. In such event, neither Party hereto shall have any further obligation to the other under this Agreement and the Borrower shall have no further right to the Site If Borrower elects to proceed with the development of the Site, Borrower shall submit a revised funding plan to the Commission based on the expected cost of remediation and a plan to effect such remediation, both of which must be approved by the Commission in writing. If Commission does not approve the revised funding plan or remediation plan, the Borrower or Commission may cancel this Agreement, and neither Party hereto shall have any further obligation to the other under this Agreement and the Borrower shall have no further right to the Site.

7.6 Preliminary Work by the Borrower

Prior to conveyance of the Site the Borrower shall have the right of access to the Site at all reasonable times for the purpose of obtaining data, making surveys, preparing plans and conducting tests necessary to carry out this Agreement. The Commission shall have access to all data and information on the Site readily available from the Borrower, but without warranty or representing by the Borrower as to the completeness, correctness, or validity of such data and information. In the event that the Commission has previously performed preliminary work at the Site, including but not limited to the preparation of plans, surveys or environmental studies, this information shall be made available to the Borrower, upon request, without warranty or representing by the Commission as to the completeness, or validity of such data and information.

Any preliminary work undertaken on the Site by the Borrower shall be done at the sole expense of the Borrower. Copies of data, surveys, and tests obtained or made by the Borrower on the Site shall be filed with the Commission. Any preliminary work by the Borrower shall be undertaken only after securing any necessary permits from the appropriate governmental agencies. The Borrower shall indemnify and hold harmless the Commission and the County of Los Angeles ("County") and their officials, employees, agents, attorneys, and other representatives of the Commission and the County ("Commission/County Representatives"), and each of them, from and against any and all losses and liabilities resulting from any injury, death, damage to person or property, or other damages including, without limitation, damages incurred by the Commission respecting any work in relation to those portions of the Site entered by, or arising out of any activity

of, the Borrower or its contractors, subcontractors, agents, employees, invitees or licensees on, or relating to, such portions of the Site, except Borrower shall have no liability for claims or damages arising out of the Commission's negligence or willful misconduct.

8.0 SUPPORTIVE AND COMMUNITY SERVICES.

As an additional condition to obtaining the Commission Loans and acquiring the Site, Borrower agrees to provide for a 10 year period from the date of this Agreement services as referenced in the approved Development Proposal and its amendments. Borrower shall demonstrate to the Commission's reasonable satisfaction its diligent and in good faith efforts to assure continued availability of resources and its commitment to provide Supportive Services and Community Services throughout the term of this Agreement. Good faith efforts shall include but not be limited to filing timely applications with appropriate third party funding agencies approved by the Commission. Failure to comply with the terms of Exhibit "H" as described more fully in Sections 8.1 and 8.2, prior to expiration of any applicable notice and cure period will be deemed to be a default under this Agreement.

8.1 Supportive Services

Borrower shall for a 10 year period from the date of this Agreement provide Supportive Services as set forth in the form attached hereto as Exhibit "H".

8.2 Community Services

For a 10 year period from the date of this Agreement, the Project will provide Community Services consisting of a Family Development Center which includes a childcare center, health clinic, and family and parent resource center, which services shall be provided to Project residents as well as the surrounding community, as more particularly described in Exhibit "H".

9.0 PURPOSE OF COMMISSION LOAN.

9.1 The proceeds of the Commission Loan shall be used by Borrower only to pay eligible predevelopment costs and construction costs for the Project as represented in the approved Development Proposal, and as further described in the Development Proforma (the "Development Proforma") in the form of Exhibit "J". The proceeds of the Commission Loans shall only be disbursed to the Borrower as reimbursement for completed work.

9.2 To the extent otherwise permitted under this Agreement, Borrower (or an affiliate of Borrower previously approved by the Commission) may receive, from the Commission Loans proceeds, or other development funds available to Borrower, including equity, a fee ("Developer Fee") up to an amount permitted by TCAC or other lenders in connection with development of the Project, provided any amount greater than greater of the amount set forth in Exhibit "J" or as determined by published Commission guidelines in effect at the time the project is completed, is paid on a deferred basis out of the Project's cash flow.

9.3 The Loans shall be considered Permanent Financing at such time as the Project is completed in accordance with this Agreement. The Project shall be "completed," which shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in substantial compliance with the plans and specifications (collectively, "Plans") referenced in the Construction Contract which Borrower has entered into with a General Contractor with respect to the Project, and that all final permits and certificates necessary to the operation of the Project as contemplated herein, and releases, waivers and other instruments evidencing no claims, stop notices or mechanics liens existing with respect to the Project, have been

obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

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

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

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

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

10.0 COVENANTS OF BORROWER.

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

10.1 Compliance with Laws.

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 27, below; 24 CFR 570, 24 CFR 92, fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, reasonable attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

10.2 Revenue Disclosures.

Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at

Borrower's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

10.3 Other Reports.

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

10.4 Indemnification.

From and after the date hereof, Borrower shall indemnify, defend and save harmless Commission, Housing Authority of the County of Los Angeles, County of Los Angeles, and their members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims") including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Borrower's ownership of the Site or the Project, (ii) result directly or indirectly from Borrower's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement and/or making the Loans to Borrower; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission. This covenant shall remain in force and effect following the expiration of the terms of the Loans.

10.5 Audit by State and Federal Agencies.

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

10.6 Program Evaluation and Review.

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

10.7 Hazardous Materials.

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by Commission, Borrower shall indemnify, defend and hold Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by Commission, Borrower hereby releases and forever discharges Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

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

Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

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

10.8 Insurance.

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

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

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

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

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

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

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

PROJECT: Casa Dominguez
ADDRESS: 15787 S. Atlantic Ave., Compton, CA
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Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Borrower to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or Carrier.

10.9 Financial Statements; Tax Returns.

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

10.10 Other Loans.

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

10.11 Relocation Requirements.

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

10.12 Environmental Conditions.

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

10.13 Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Borrower in accordance with this Agreement, the Borrower 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, the Borrower 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 unauthorized by this Agreement (each, an "Unpermitted Lien"), provided, however, Borrower may contest in good faith mechanics liens provided that Borrower bonds over such liens to the reasonable satisfaction of the Commission. The Borrower shall remove or have removed any Unpermitted Lien made on 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 Borrower from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Borrower in respect thereto. The Borrower 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 Borrower agrees to pay when due any such possessory interest tax.

10.14 Local Hiring Plan

Borrower shall ensure that the hiring of employees associated with the Project is in substantial conformance with the Local Hiring Plan, as required as a condition prior to the commencement of construction. Commission reserves the right to monitor the execution of the Local Hiring Plan, subject to the conditions of Section 10.6, and may withhold up to five percent (5%) of the total amount associated with the HOME Loan if it determines that a good faith effort was not made by the Borrower, its affiliates, and its agents, to carry out the Local Hiring Plan, subject to

mutually agreed upon modification.

11.0 CONSTRUCTION.

11.1 Construction Requirements.

Following the Close of Escrow, Borrower shall cause predevelopment and construction work on the Project to commence promptly, proceed diligently, and achieve "Completion of the Project" in accordance with the Schedule of Performance, contained herein as Exhibit "O", subject to extensions for up to an additional 12 months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved Development Proposal to Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) receipt of lien waivers or evidence satisfactory to Commission that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "N", Construction Requirements, and shall conform in all substantial respects to the layout and design represented in Borrower's Development Proposal, or otherwise approved by the Commission. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

Prior to the commencement of construction, Borrower shall have furnished the Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by the Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in an amount equal to the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, has been recorded in the Official Records of Los Angeles, and names Commission as an additional obligee; (C) a performance bond for 100 percent (100%) of the contract price, guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee; and (D) any other plans, documents and approvals by Commission required under Exhibit "N" to this Agreement, entitled "Construction Requirements".

11.2 Concept Drawings.

The Borrower has submitted to the Commission and the Commission 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, which shall include any changes that are mutually agreed upon between the Borrower and the Commission.

11.3 Construction Plans, Drawings, and Related Documents.

In addition to the Basic Concept Drawings, the Borrower will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents (sometimes collectively referred to as the "Plans") to the Commission for architectural and site planning review and written approval. The Plans are to be in substantial conformance with the requirements set forth in this Agreement (including Exhibit "I"), consistent with the Basic Concept Drawings and conform to the 1994 Uniform 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 that shall 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 (Exhibit "O"), subject to extensions as are authorized herein or as mutually agreed to by the Parties.

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

11.4 Commission Approval of Plans.

Subject to the terms of this Agreement, Commission shall have the right of architectural and site planning review of all documents, including any changes therein. However, the Borrower shall also obtain any architectural and site planning review required by any agency, department, board, or commission of the County within the times required for review of such Plans and other submissions and changes therein by the Borrower and the Commission will cooperate fully with the Borrower's efforts to do so. The Borrower shall also submit any Plans and other submissions required for development permits or building permits to be issued by County departments or other public agencies.

The Commission shall approve or disapprove the Plans referred to in Section 11.3 of this Agreement within the times established in the Schedule of Performance, Exhibit "O". Any disapproval by Commission shall state in writing (the "Notice of Disapproval") the reasons for disapproval and the changes which the Commission requests be made. Such reasons and such changes must be consistent with this Agreement (including the Scope of Work), and any items previously approved or deemed approved hereunder by Commission. The Borrower, upon receipt of a Notice of Disapproval shall revise the Plans and resubmit them to Commission within thirty (30) days after receipt of the Notice of Disapproval or within a mutually agreed upon schedule for resubmission, and the deadline set forth in the Schedule of Performance by which Borrower is required to secure approval of such disapproved Plans shall be adjusted accordingly; provided, however, that in no case shall Commission be entitled to require changes inconsistent with this Agreement (and in particular the Scope of Work) and any previously approved items. 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 the Commission is required by law to hold a public meeting of the Commission, or any agency thereof, before the action specified is to be taken, the period for such action by the Commission shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Borrower shall have the right during the course of construction to make Minor Field Changes, as hereinafter defined, without seeking the approval of Commission. "Minor Field Changes" shall be defined as those interior changes from the approved Plans which will not be visible from the exterior of any structure on the Site, will not increase the cost of constructing the Project, and will not affect the ability of the Borrower to complete the Project in accordance with the Schedule of Performance. If the Borrower desires to make any change in the Plans after their approval by the Commission, other than a Minor Field Change, the Borrower shall submit the proposed change to the Commission for its written approval, which approval shall not unreasonably be withheld. The Commission shall not be deemed to have unreasonably withheld its consent to any proposed change by the Borrower (i) of any construction or equipment specification expressly set forth in the Plans previously approved, where substitute materials or equipment are proposed by the Borrower which Commission has solely determined to be of inferior quality; (ii) which does not conform to the Basic Concept Drawings, the Scope of Work, the approvals previously granted by the Commission under this Section 11.4, or other applicable requirements of this Section; (iii) if such proposed change increases the cost of the Borrower Improvements in excess of $ 15,000 ; or (iv) extends the Schedule of Performance more than 30 days. Commission shall approve or disapprove the proposed change and notify the Borrower in writing within thirty (30) days after submission to Commission.

The Borrower understands that any administrative approval by Commission staff or any approval by the governing board of Commission of any Plans or other submissions by the Borrower shall not be construed to constitute an approval by County of same and the 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 Borrower Improvements and the use of the Site.

11.5 Cost of Construction.

The cost of developing the Site and constructing all the Developer Improvements thereon shall be borne solely by the Borrower. The Commission and the Borrower shall otherwise each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

11.6 Construction Schedule.

The Borrower shall promptly begin and thereafter diligently prosecute to completion the construction of the Developer Improvements and the development of the Site. The Borrower shall begin and complete all construction and development within the times specified in the Schedule of Performance or reasonable extension of said dates as may be granted by Commission pursuant to Section 11.4 of this Agreement. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Borrower and the Commission.

During the period of construction, but not more frequently than once a month, the Borrower shall submit to the Commission a written progress report of the construction when and as requested in writing by the Commission. The report shall be in such form and detail as may reasonably be required by the Commission and shall include a reasonable number of construction photographs taken since the last report submitted by the Borrower.

11.7 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 Borrower shall, at its own expense, unless herein agreed, 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. The Commission may provide all assistance, including agreed upon financial assistance, deemed appropriate by the Commission. The Borrower shall secure all building permit(s) for the Developer Improvements no later than the date set forth in the Schedule of Performance.

11.8 Labor Requirements.

This construction project is funded in whole or in part with Federal funds. The Borrower and General Contractor shall comply with the Federal Labor Standard Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts (DBRA), which will be enforced. Whenever a discrepancy between Federal Regulations and State Law is found to exist, the more stringent of the two shall prevail. The applicable wage determination for this project is General Wage Decision CA020028, Modification 21 dated (December 2, 2005). The General Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Commission before the start of construction. The General Contractor shall submit to the Commission all of its payrolls for each pay period within seven (7) days after the pay period has ended. The General Contractor shall also collect, review and submit to the Commission all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period has ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period has ended, is a violation of this contract and entitles the Commission to withhold up to seven (7) units from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this contract which may result in the Commission terminating the contract for default. The Community Development Commission's Labor Compliance Guidelines are incorporated herein by reference and made apart of this agreement.

11.9 Certificate of Completion

Upon Completion of the Project as defined in Section 9.3 above, the Commission shall furnish the Borrower with a certificate of completion duly executed by Commission ("Certificate of Completion") upon Borrower's written request. Such 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.

A Certificate of Completion shall be, and shall state that it is, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site covered by the Certificate of Completion 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 Deed of Trust, and/or other instruments of transfer in accordance with the provisions of Section 31 of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Commission, the County, nor any other person shall have any rights, remedies, or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in the Grant Deed of the Site to Borrower, which shall be in accordance with the provisions of Section 31 of this Agreement.

The Commission shall not unreasonably withhold the Certificate of Completion. If the Commission refuses or fails to furnish a Certificate of Completion for the Site after such written request from the Borrower, the Commission shall, within thirty (30) days of such written request,

provide the Borrower with a written statement of the reasons the Commission refused or failed to furnish a Certificate of Completion. The statement shall also contain the Commission's opinion of the action the Borrower must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping, the Commission will issue its Certificate of Completion upon the posting of a bond by the Borrower with the Commission in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Borrower 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.

11.10 Infrastructure.

Borrower shall be responsible for constructing all required infrastructure in connection with the development of the Project. Required infrastructure includes, but is not limited to, all infrastructure necessary to support the Project, as determined by a comprehensive Infrastructure Survey, if needed in order to make this determination, and any infrastructure required by any governmental entity whose authority affects the project.

12.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

12.1 Limitations on Tenants.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 55-year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development, including Supportive and Community Services as described in Exhibits "H.1" and "H.2", with the number of dwelling units and, with respect to the units designated to be assisted as consideration for the Loans (" Assisted Units"), 69 Assisted Units shall be in accordance with the tenant income levels specified in the Transaction Summary of this Agreement. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Very Low Income Households", "45 Percent Income Households", and "30 Percent Income Households", as hereinafter defined (persons within either group occasionally referred to as "Eligible Persons").

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

"Forty-five Percent Households" shall mean persons and families whose gross annual household incomes do not exceed forty-five percent (45%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Thirty Percent Households" shall mean persons and families whose gross annual household incomes do not exceed thirty percent (30%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

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

(i) for an Eligible Person within a Very Low-Income Household, the lesser of the product of thirty percent (30%) times fifty

percent (50%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

(ii) for an Eligible Person within a Forty-five Percent Income Household, the lesser of the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

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

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

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

12.2 Tenant Selection Process; Reports and Records Concerning Tenancies.

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by Commission to monitor compliance with the tenanting requirements described in Section 12.1 above, including without limitation the requirement that Borrower deliver reports to Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by Commission to certify such Borrower's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 12.1.

12.3 Management of Project.

Subject to the terms and conditions contained herein below, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Commission's written approval of a management contract ("Management Contract") entered into between Borrower and Design Center Housing Services or another entity ("Management Entity") mutally acceptable to

Commission and the Borrower. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 12.1.

12.4 Operations and Maintenance.

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

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

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

13.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

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

13.1 Form of Nondiscrimination and Nonsegregation Clauses.

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

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

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Borrowers, lessees, sublessees, subBorrowers, or vendees in the land herein leased."

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

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

14.0 COMMISSION REQUIREMENTS

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

15.0 INDEPENDENT CONTRACTOR.

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

workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

16.0 ASSIGNMENT OF THIS AGREEMENT.

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

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

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

17.0 EVENTS OF DEFAULT AND REMEDIES.

17.1 Borrower Events of Default.

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

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

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Notes or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from

any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafterwith the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 17.1(d) through 17.1(g) below;

(c) The failure of Borrower to comply with an item in the Schedule of Performance as described in Exhibit "I", following written notice of such failure by the Commission specifying the nature of the deficiency, and the failure by Borrower to cure the deficiency to the Commission's satisfaction within the cure period set forth in Section 17.1(b) above.

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

(e) 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;

(f) 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;

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

(h) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 16.0 above or Section 31.0 below; or

(i) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured

within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

(k) Borrower shall fail to provide Community and Supportive Services as described in Section 8.0 as determined by the Commission in its reasonable discretion, and such failure is not cured within the time frame set forth in Section 17.1(b) above.

17.2 Commission Remedies.

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

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

(b) Subject to the nonrecourse provisions of Section 5 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the Notes, 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 Agreement or under any other document executed in connection herewith, to include foreclosure on the Site and any Development Improvements made to the Site;

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

(d) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default described in Section 17.1(d) or 17.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Notes and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

17.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such

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

17.4 Commission Default and Borrower Remedies.

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

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

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

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

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

18.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the Loan Documents as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment.

In addition to the foregoing, Borrower agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, the Notes, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

19.0 RIGHT OF ACCESS AND INSPECTION.

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

20.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

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

21.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

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

22.0 EXECUTION OF COUNTERPARTS.

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

23.0 NOTICES.

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

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

24.0 SEVERABILITY.

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

25.0 INTERPRETATION.

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

26.0 NO WAIVER; CONSENTS.

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

27.0 APPLICABLE POLICIES.

A. Governing Law.

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

B. Compliance with Laws.

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

C. HOME Program and Federal Requirements.

In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "K".

28.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to Commission that:

A. Organization and Standing.

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

B. Enforceability.

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

C. Authorization and Consents.

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

D. Due and Valid Execution.

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

E. Licenses.

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

F. Litigation and Compliance.

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 to the best of

the Borrower's knowledge have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default.

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

H. No Violations.

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

I. No Affiliation With Lenders.

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

29.0 APPROVALS.

Any consent to a transfer under Section 16 or 31 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

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

30.0 GOOD FAITH AND FAIR DEALING.

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

31.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

31.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of

its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the HOME Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 16.0 hereof, if applicable, without Borrower obtaining any further consent from Commission. Borrower hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

31.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 31 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 31 In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the Loan Documents accruing subsequent such effective date.

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

31.4 The provisions of this Section 31 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

32.0 ACCESS AND RETENTION OF RECORDS.

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

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 12.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

33.0 SCHEDULE OF PERFORMANCE/PROJECT DESCRIPTION.

The parties hereby acknowledge that the Project Description (Exhibit "G") and the

Schedule of Performance (Exhibit "O") attached hereto reflects the parties' best estimations as of the date hereof. The parties understand that additional changes may be necessary and/or desirable and as such agree to cooperate in good faith to review and approve such changes. The terms "Schedule of Performance" and "Project Description", as used herein, shall be deemed to include any changes mutually agreed to by the parties.

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

COMMISSION:

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

By:_____
Carlos Jackson, Executive Director

BORROWER:

Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center, a California a non profit corporation,
its General Partner

By: _____
Amy N. Anderson, Housing Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER, Jr.
County Counsel

By:_____
Deputy

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EXHIBIT "A" TO DDA
DIRECTORY OF DEFINED TERMS

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

Affordable Housing Cost (Section 12.1)
Agreement (Preamble)
Annual Statement (Section 10.9)
Applicable Governmental Restrictions (Section 10.1)
Applicable Percentage (Section 2.4)
Area Medium Income (Section 12.3)
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Close of Escrow (Section 6.3)
Closing Conditions (Section 6.2)
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Commission (Preamble)
Commission Basic Rate (Section 2.2)
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Commission Default Rate (Section 2.2)
Commission Notes (Section 2.1)
Community Services (Section 8)
Completion of the Project (Section 11.11)
Construction Contract (Section 6.5(b))
Construction Requirements (Section 6.5 (b))
County (Section 10.11)
Developer Fee (Section 9.1)
Development Proforma (Section 9.1)
Development Proposal (Recital B)
Eligible Persons (Section 12.1)
Emancipated Foster Youth (Section 1.1)
Escrow (Section 6.1)
Escrow Holder (Section 6.1)
Event of Default (Section 17.1)
Forty-Five Percent Income Households (Section 12.3)
General Contractor (Section 6.5(b))
Grant Deed (Section 7.2)
Gross Rents (Section 10.9)
HACOLA (Section 2.5)
Hazardous Materials (Section 10.7)
HOME (Recital C)
HOME Loan (Recital C)
Industry Funds (Section 2.5)
Junior Financing (Recital F)
Loan (Recital A)
Loan Documents (Section 6.2(e))
Management Contract (Section 12.3)
Management Entity (Section 12.3)
Manager (Section 12.3)
Maturity Date (Section 2.3)
Net Proceeds (Section 2.4)
Net Refinancing Proceeds (Section 2.4)
Note (Section 2.1)
Notice of Disapproval (Section 11.4)
Operating Expenses (Section 9.9)
Other Financing (Recital B)
Parties (Preamble)
Party (Preamble)
Permitted Senior Encumbrances (Section 6.2(f))
Plans (Section 9.3)
Project (Recital A)
Project Area (Recital A)
Property (Section 5)
Refinancing (Section 2.4)
Residual Receipts (Section 2.3)
RFP (Recital A)
Senior Financing (Recital B)
Site (Recital A)
Subordination Agreement (Section 6.3(i))
Supportive Services (Section 8)
Tax Credits (Section 2.5)
TCAC (Section 2.5)
Term (Section 2.3)
Thirty Percent Income Households (Section 12.1)
Title Company (Section 6.2(f))
Title Cure Period (Section 7.1)
Title Matters (Section 7.1)
Transfer (Section 31.1)
Transfer Documents (Section 31.2)
Transfer Notice (Section 31.2)
Unpermitted Lien (Section 10.13)
Very Low Income Households (Section 12.1)

EXHIBIT "A" TO DDA
DIRECTORY OF DEFINED TERMS

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

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Claims (Section 10.4)
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Closing Conditions (Section 6.2)
Closing Deadline (Section 6.2)
Commission (Preamble)
Commission Basic Rate (Section 2.2)
Commission Deed of Trust (Section 5)
Commission Default Rate (Section 2.2)
Commission Notes (Section 2.1)
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Development Proforma (Section 9.1)
Development Proposal (Recital B)
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Emancipated Foster Youth (Section 1.1)
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Event of Default (Section 17.1)
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Gross Rents (Section 10.9)
HACOLA (Section 2.5)
Hazardous Materials (Section 10.7)
HOME (Recital C)
HOME Loan (Recital C)
Industry Funds (Section 2.5)
Junior Financing (Recital F)
Loan (Recital A)
Loan Documents (Section 6.2(e))
Management Contract (Section 12.3)
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Subordination Agreement (Section 6.3(i))
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TCAC (Section 2.5)
Term (Section 2.3)
Thirty Percent Income Households (Section 12.1)
Title Company (Section 6.2(f))
Title Cure Period (Section 7.1)
Title Matters (Section 7.1)
Transfer (Section 31.1)
Transfer Documents (Section 31.2)
Transfer Notice (Section 31.2)
Unpermitted Lien (Section 10.13)
Very Low Income Households (Section 12.1)

EXHIBIT "B" TO DDA

SITE LEGAL DESCRIPTION

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT “C-1” TO DDA

HOME NOTE

HOME NOTE
(HOME - PROJECT NO. HE0087)

$5,009,411 _____ ___, 2006

For value received, the undersigned, Casa Dominguez, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of FIVE MILLION NINE HUNDRED THOUSAND FOUR HUNDRED ELEVEN DOLLARS ($ 5,009,411) (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 _____, ___, 200__, entered into between Borrower and the Commission (the "DDA"), and the terms and conditions of this promissory Note (this "Note"). As set forth in greater detail in the DDA, the purpose of the Loan is to provide Borrower with predevelopment, construction and permanent in connection with a housing project ("Project") on a site more particularly described in the DDA ("Site").

1. Interest.

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

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to Fifty Two percent (52%) of "Residual Receipts" for the prior calendar year, as defined herein. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

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

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

1.5 Definition of Residual Receipts.

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

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only

to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed $10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than $200.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties, (vi) to the extent not otherwise included in Operating Expenses, amounts paid into and from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense, (vii) deferred developer fee; and (viii) an annual social services coordination fee of up to $20,000.

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

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

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

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

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

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project,

including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

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

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

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

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to HACOLA), the entire

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

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

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

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

3. Prepayment; Application of Payments.

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

5. Obligation of Borrower Unconditional.

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 DDA, 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 DDA or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide predevelopment construction and construction] for the housing development described in the DDA. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

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

7.1 Compliance with DDAand Deed of Trust. Borrower shall comply with all of its obligations under the DDA and the Deed of Trust. Any amounts payable by Borrower under the DDA 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 Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

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

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 DDA, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

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

notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

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

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

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

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

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the DDA;

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

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

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law)

interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

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

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

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

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

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

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

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

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

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

10. Agreement to Pay Attorneys' Fees and Expenses.

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

11. Conflict of Interest; No Individual Liability.

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

12. Amendments, Changes and Modifications.

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 Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

14. Severability.

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

15. Interpretation.

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

16. No Waiver; Consents.

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

17. Governing Law.

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 Commission that:

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

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

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

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

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

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

G. Default. 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 DDA 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.

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

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

Any consent to a Transfer under Section 30 of the DDA and any other consent or approval by the Commission under this Note, the Deed of Trust, the DDA or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

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

21. Waiver.

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

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

BORROWER:
Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center, a California a non profit corporation,
its General Partner

By: _____
Amy N. Anderson, Housing Director

EXHIBIT "C-2" TO DDA

CDBG LAND ACQUISITION NOTE

CDBG LAND ACQUISITION NOTE
(CDBG- PROJECT NO. _____)

$1,685,000 _____, 2006

For value received, the undersigned, Casa Dominguez, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of ONE MILLION SIX HUNDRED EIGHTY FIVE THOUSAND DOLLARS ($1,685,000) (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 _____, ____, 200__, entered into between Borrower and the Commission (the "DDA"), and the terms and conditions of this promissory Note (this "Note"). As set forth in greater detail in the DDA, the purpose of the Loan is to provide Borrower with predevelopment, construction and permanent in connection with a housing project ("Project") on a site more particularly described in the DDA ("Site").

1. Interest.

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

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2010 through and including March 15, 2064 ("Maturity Date") shall be in an amount equal to Eighteen percent (18%) of "Residual Receipts" for the prior calendar year, as defined herein. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

1.3 Calculation of Residual Receipts. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall

any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

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

1.5 Definition of Residual Receipts.

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

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed $10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than $200.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties, (vi) to the extent not otherwise included in Operating Expenses, amounts paid into and from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense, (vii) deferred developer fee; and (viii) an annual social services coordination fee of up to $20,000.

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

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

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

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

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

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

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

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Projector transfers for the furtherance of financing permitted by the DDA

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

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder,

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

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

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

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

3. Prepayment; Application of Payments.

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

5. Obligation of Borrower Unconditional.

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 DDA, 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 DDA or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide land acquisition] for the housing development described in the DDA. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

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

7.1 Compliance with DDA and Deed of Trust. Borrower shall comply with all of its obligations under the DDA and the Deed of Trust. Any amounts payable by Borrower under the DDA 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 Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

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

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 DDA, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

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

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

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

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

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

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the DDA;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the DDA) or any other secured or unsecured obligation relating to the

Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

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

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

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

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

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

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

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

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

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

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

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

10. Agreement to Pay Attorneys' Fees and Expenses.

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

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any

corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications.

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 Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8584

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

If to Borrower: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

14. Severability.

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

15. Interpretation.

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

16. No Waiver; Consents.

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

17. Governing Law.

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 Commission that:

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

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

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the

operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

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

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

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

G. Default. 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 DDA 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.

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

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

Any consent to a Transfer under Section 30 of the DDA and any other consent or approval by the Commission under this Note, the Deed of Trust, the DDA or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing.

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

21. Waiver.

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

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

BORROWER:

Casa Dominguez, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center,
a California a non profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

EXHIBIT “D” TO DDA

COMMISSION DEED OF TRUST

OFFICIAL BUSINESS

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

Recording Requested by and When Recorded Mail To:

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

Above Space For Recorder's Use Only

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

(HOME - PROJECT NO. HE0087)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2006, by and between CASA DOMINGUEZ, L.P., a California Limited Partnership ("Trustor") whose address is 701 East 3rd Street, Suite 400, Los Angeles, California; United Title Insurance Corporation ("Trustee"); and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of Six Million Six Hundred Ninety Four Thousand Four Hundred Eleven Dollars ($6,694,411) (the "Loan") pursuant to that certain Disposition and Development Agreement (the "DDA") entered into by Trustor and Beneficiary and dated as of February ___, 2006. The Loan is evidenced by two promissory notes of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

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

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

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

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

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

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

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

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

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property

and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

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

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

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

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

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

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

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

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

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

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the DDA, 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 DDA, 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 DDA or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

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

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

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

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

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured

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

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

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

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

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

at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

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

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

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

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

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

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

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining

portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

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

17. Covenants of Trustor.

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

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

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

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

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

cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the DDAor 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 16 of the DDA);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the DDA), the Supportive Services Agreement (as defined in, and if applicable under, Section 8 of the DDA) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

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

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in

Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

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

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

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise)

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

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

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

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

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

performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

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

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

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

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

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

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

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

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, except as setforth in the DDA which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the DDA), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 16.0 of the DDA without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the DDA or this Deed of Trust.

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

binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

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

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

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

TRUSTOR:

CASA DOMINGUEZ, L.P.
A California Limited Partnership

By: Los Angeles Community Design Center,
a California non-profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

BENEFICIARY:

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

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

WITNESS my hand and official seal.

_____
Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY
(HOME – PROJECT NO. HE0087)

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT “E” TO DDA

CC&Rs

RECORDING REQUESTED BY AND AFTER RECORDATION, MAIL TO:

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

(Space Above Line for Recorder's use)

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

COVENANTS, CONDITIONS, AND RESTRICTIONS

(HOME - PROJECT NO. HE0087)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the _____ day of _____, 2006 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and Casa Dominguez, L.P., a California Limited Partnership ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Disposition and Development Agreement ("DDA") dated as of the _____ day of _____, 2006, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of SIX MILLION SIX HUNDRED NINETY FOUR THOUSAND FOUR HUNDRED ELEVEN Dollars ($6,694,411) (the "Loan") for the purpose of providing financing for the housing development described in the DDA (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this DDA (the "Site").

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

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

(1) Use of the Property.

a. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Fifty-Five (55) Year term of this Agreement ("Term") commencing on the date of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of developing and operating the Project as a residential rental development consisting of 70 dwelling units, which shall be operated in accordance with the terms of this Agreement. Of the 70 total dwelling units in the Project, 69 units (the "HOME Assisted Units") shall be income-restricted and rented only at an "Affordable Housing Cost" (as defined below) and only to households meeting the income criteria applicable to the unit as provided in the following table:

	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*	1	3	3	1	8
45% Income*	2	4	4	2	12
50% Income*	7	19	16	7	49
Manager			1		1
Totals	10	26	24	10	70

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

The Owner shall reserve seven (7) of the housing units in the Project to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems ("Emancipated Foster Youth"). For a period of One Hundred Eighty (180) days from the date of this Agreement, Owner shall negotiate diligently and in good faith to the satisfaction of the Commission to enter into a Master Lease Agreement or other mutually acceptable arrangement for such units with a third party organization approved by the Commission. If upon the expiration of that period, Owner demonstrates to the satisfaction of the Commission that master-leasing units is not feasible, within 30 days, Commission shall issue written notice of waiver this requirement.

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

"Forty-five Percent Households" shall mean persons and families whose gross annual household incomes do not exceed forty-five percent (45%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Thirty Percent Households" shall mean persons and families whose gross annual household incomes do not exceed thirty percent (30%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

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

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

(ii) for an Eligible Person within a Forty-five Percent Income Household, the lesser of the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

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

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

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

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

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements

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

c. Owner shall provide, in accordance with the Supportive Services Agreement or description of services attached to this Agreement as Exhibit "H1and H2", certain supportive services for residents of the Project, as described in the Exhibit "H1 and H2" throughout the Term of this Agreement.

(2) Management of Project. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project, including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain The Commission's written approval (which shall not be unreasonably withheld, conditioned or delayed) of a management contract ("Management Contract") entered into between Owner and an entity ("Management Entity") reasonably acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Paragraph (1) of this Agreement.

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

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

permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

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

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

(4) Performance of Maintenance.

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

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

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

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

Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

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

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

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

(v) The Commission may enter and inspect the premises at any time after notifying Owner 72 hours prior to the planned inspection, and said notice shall be delivered to Owner at the address indicated in paragraph 17(e) below.

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

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

(6) [Reserved.]

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

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

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

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

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

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

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

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

(9) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. the Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by

any owner of any other real property or any person or entity having any interest in any such other real property.

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

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

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

a. Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of a least one million dollars ($1,000,000) for each occurrence ($2,000,000 General Aggregate), including products and completed operations coverage. The Commission and all the Commission Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Owner, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Said insurance shall be maintained continuously for as long as Owner shall own the Site, and shall be endorsed to require thirty (30) days prior written notice from insurer to the Commission before cancellation or reduction in coverage. Owner shall require its contractor to include the Commission and the Commission Representatives as additional insureds on all general liability insurance covering work at the Site. The policy shall contain a waiver of subrogation for the benefit of the Commission.

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

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

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

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

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

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

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

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance

and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

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

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

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

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

(16) Miscellaneous Provisions.

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

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

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

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

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

If to the Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax : (323) 890-8584

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax (323) 890-8576

If to Owner: Casa Dominguez, L.P.
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Amy N. Anderson, Housing Director.
Fax No. (213) 627-6407

With a copy to: Bingham & McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Lance Bocarsly
Fax No. (213) 680-6499

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

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

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

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

COMMISSION:

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

By:_____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

OWNER:

CASA DOMINGUEZ, L.P.
California Limited Partnership

By: Los Angeles Community Design Center,
a California non profit corporation
its General Partner

By: _____
Amy N. Anderson, Housing Director

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF SITE

DESCRIPTION

PARCEL 1:

THE EASTERLY 127 FEET OF LOT 16 IN BLOCK "E" OF TRACT NO. 6307, IN THE CITY OF COMPTON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SAID 127 FEET IS MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

PARCEL 1A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 16 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 2:

LOT 17, IN BLOCK "E" OF TRACT NO. 6307, PARTLY IN THE CITY OF COMPTON AND PARTLY IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOT 17 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 3:

LOTS 13, 14 AND 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 15, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 108.68 FEET TO A 2 INCH BY 2 INCH STAKE; THENCE NORTH 2 DEGREES 53 MINUTES 40 SECONDS WEST 52.24 FEET, MORE OR LESS, TO A 2 INCH BY 2 INCH STAKE IN THE NORTH LINE OF SAID LOT SAID LAST MENTIONED STAKE BEING DISTANT ALONG LTHE SAID NORTHERLY LINE NORTH 89 DEGREES 45 MINUTES 26 SECONDS EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45 MINUTES 26 SECONDS WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 5 MINUTES 28 SECONDS EAST 62.35 FEET TO THE POINT OF BEGINNING.

DESCRIPTION

EXCEPT THEREFROM UNTO GRANTOR HEREIN, ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE THEREOF, AS DEED RECORDED MARCH 23, 1993 AS INSTRUMENT NO. 93-543225 OF OFFICIAL RECORDS.

PARCEL 3A:

THAT PORTION OF ATLANTIC AVENUE, ADJOINING SAID LOTS 13, 14 AND 15 ABOVE, LYING WESTERLY OF A LINE PARALLEL WITH AND DISTANT 50 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTER LINE OF ATLANTIC AVENUE AS SHOWN ON COUNTY SURVEYORS MAP 8572, SHEET 2 FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAID COUNTY, ABANDONED BY THE CALIFORNIA COMMISSION, AS DISCLOSED BY A CERTIFIED COPY OF RESOLUTION, RECORDED NOVEMBER 6, 1952 AS INSTRUMENT NO. 3336 IN BOOK 40247 PAGE 418, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF LOT 15 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67, PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE SOUTHERLY LINE THEREOF NORTH 89 DEGREES 45'26" EAST 108.68 FEET TO A 2" BY 2" STAKE; THENCE NORTH 2 DEGREES 53'40" WEST 62.24 FEET, MORE OR LESS, TO A 2" BY 2" STAKE IN THE NORTH LINE OF SAID LOT, SAID LAST MENTIONED STAKE BEING DISTANT ALONG THE SAID NORTHERLY LINE NORTH 89 DEGREES 45'26" EAST 112.58 FEET FROM THE NORTHWEST CORNER OF SAID LOT; THENCE ALONG THE SAID NORTH LINE, SOUTH 89 DEGREES 45'26" WEST 112.58 FEET TO THE SAID NORTHWEST CORNER; THENCE ALONG THE WESTERLY LINE OF SAID LOT, SOUTH 3 DEGREES 05'28" EAST 62.35 FEET TO THE POINT OF BEGINNING.

PARCEL 5:

LOTS 11 AND 12 IN BLOCK "E" OF TRACT NO. 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 5A:

TOGETHER WITH THAT PORTION OF ATLANTIC AVENUE ADJACENT TO SAID LOTS ON THE EAST AS VACATED BY RESOLUTION RECORDED NOVEMBER 6, 1952 IN BOOK 48247 PAGE 418, OFFICIAL RECORDS TITLE TO WHICH WOULD PASS WITH A CONVEYANCE DESCRIBED SAID LOTS.

EXCEPTING ALL OIL, GAS, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES OF ANY KIND OR CHARACTER N AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT

DESCRIPTION

ANY RIGHT TO PENETRATE, USE, OR DISTURB THE SURFACE OF SAID PROPERTY OR ANY PORTION OF SAID PROPERTY, WITHIN FIVE HUNDRED FEET (500 FEET) OF THE SURFACE THEREOF, AS PROVIDED IN DEED RECORDED OCTOBER 24, 1988 AS INSTRUMENT NO. 88-1710130.

PARCEL 6:

LOT 16, BLOCK "E", TRACT 6307, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 67 PAGES 33 AND 34 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EASTERLY 127 FEET THEREOF, MEASURED WESTERLY AT RIGHT ANGLES FROM THE EASTERLY LINE OF SAID LOT 16.

EXHIBIT "B" TO CC&Rs

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

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

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

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

EXTERIOR PROPERTY AREAS

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

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

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

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.

E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".

F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.

G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.

H. Faucets. Faucets and handles shall work properly.

I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.

J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

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

INTERIOR PROPERTY AREAS

K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.

L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.

M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or

vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.

N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mod. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.

O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.

P. Plumbing Fixtures.

i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.

ii. Drains shall be tested by a 30-second luke warm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.

iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.

iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.

v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.

Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.

R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.

S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.

T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.

U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.

V. Attic. Accessible attics shall be free of litter.

W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.

X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

EXHIBIT "C" TO CC&Rs

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

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

DWELLING UNIT -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GARBAGE DISPOSER: Clean, intact, working properly without excessive nose; splashguard in place, intact, firm.

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

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

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

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

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

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

PESTS, VERMIN: No evidence of presence/infestation.

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

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

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

COMMON AREAS, GROUNDS AND STRUCTURES -

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

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

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

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

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

MAILBOXES: Clean; clearly labeled; individual boxes secure.

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

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

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

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

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

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

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

GROUNDS AND STRUCTURES

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

UTILITY METERS: Intact, covers secure.

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

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

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

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

EXHIBIT "D" TO CC&RS

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

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

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

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

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

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

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

Periodic interior and exterior painting.

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

Inspecting underground facilities for corrosion and control thereof.

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

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

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

Checking fire safety equipment for operable use.

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

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

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

EXHIBIT “F” TO DDA

GRANT DEED

FREE RECORDING REQUESTED BY:
Community Development Commission
of the County of Los Angeles
(California Government Code Section 6106)

AFTER RECORDING, MAIL TO:
Los Angeles Community Design Center
701 East 3rd Street, Suite 400
Los Angeles, CA 90013
Attn: Robin Hughes, Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned declares that the documentary transfer tax is _____and is:

☒ Computed on the full value of the interest or property conveyed, or is
☐ Computed on the full value less the value of liens or encumbrances remaining at time of sale.
The land is located in ☒ Unincorporated area of Los Angeles County ☒ City of: Compton and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Community Development Commission of the County Of Los Angeles,
a public body corporate and politic

hereby GRANT(S) to

Casa Dominguez, L.P., a California Limited Partnership

the real property in the County of Los Angeles, State of California, described as:

APN: 6181-027-900, 6181-027-901, 6181-027-902, 6181-027-903, 6181-027-904, and 6181-027-905

As more particularly described in Attachment 1.

Community Development Commission
of the County Of Los Angeles

Dated : _____

By _____
Carlos Jackson, Executive Director

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

On _____, _____ before me, _____, a Notary Public, personally appeared Carlos Jackson , personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT “G” TO DDA

PROJECT DESCRIPTION

EXHIBIT G

PROJECT DESCRIPTION
(HOME - PROJECT NO. HE0087)

Casa Dominguez will provide 70 new units of rental apartments for working families and emancipated foster youth. Seven (7) of the housing units in the Project will be reserved to provide permanent housing for income-qualified Emancipated Foster Youth between the ages of 18 and 24 who were previously in the Los Angeles County Department of Children and Family Services Foster Care or Probation Department's Delinquency systems. Additionally, the Los Angeles Community Design Center (LACDC) has partnered with Children's Collective and St. John Well Child and Family Center to develop the Family Development Center, which joins childcare with a primary care health clinic and parent/family resource center. The Family Development Center (FDC) is an acclaimed innovative model for families in lower income and underserved communities, such as East Rancho Dominguez, that insures children access to health care services very early in life. The proposed FDC will serve the entire community at little or no cost, providing childcare for infants through after-school age, and health services ranging from children's vaccinations, and woman's care to mental health counseling and treatment for diabetes.

Casa Dominguez is designed and organized around a series of courtyards, providing outdoor space to meet the needs of children ranging in age from infants and toddlers to teens. There are a total of 70 units that consist of 10 one-bedroom units, 26 two-bedroom units, 24 three-bedroom units, and 10 four-bedroom units, with multiple community rooms and study lounges at the ground floor of the property. There is one un-restricted, three-bedroom manager's unit. The balance of the units will serve families at or below 50% of the area median income, with rents ranging from $321 to $790 based on unit size and family income level.

The Family Development Center – with its public childcare center, health clinic, and parent and family resource center – fronts Atlantic Boulevard and sits at the north east corner of the property, anchoring the development while providing a single story commercial presence to the Atlantic corridor and Linsley Street. There is a single pedestrian entrance to the Family Development Center as well as a single vehicular entry at the southern end of the health clinic. The 7,500 square foot Childcare Center is arranged around a central playground, with all classrooms facing the interior yard and windows along both interior and exterior perimeter walls. The 2,500 square foot Health Clinic is organized along a single hallway (along Atlantic), with multiple exam rooms and small counseling offices. Within the development is the 1,000 square foot Family/Parent Resource Center.

EXHIBIT “H” TO DDA

SUPPORTIVE AND COMMUNITY SERVICES

SUPPORTIVE SERVICES
(HOME - PROJECT NO. HE0087)

At a minimum, the following services will be provided by the Borrower to residents of Casa Dominguez:

- After-school Enrichment: the Borrower shall provide services that provide both academic support and self-esteem building activities for resident children. Activities of the program will include reading, tutoring, art, and educational field trips.

- Computer Learning Lab: the Borrower shall install and staff a computer learning lab consisting of at least eight workstations. The Lab will be open for after school enrichment on weekdays during school sessions and from at least 3:00 to 6:00 p.m. A Computer Lab Supervisor will provide a combination of structured activities and support for individual learning. Additionally, the Lab will be available to be scheduled for use by residents as an open lab time, and by visiting instructors who integrate technology into their subject matter.

- Life Skills: the Borrower shall provide for a Resident Services Coordinator, who, in collaboration with the Resident Advisory Council, will schedule life skills workshops for residents of the Project.

COMMUNITY SERVICES
(HOME - PROJECT NO. HE0087)

Community Services are services which the Borrower shall make available to the community at large for little or no cost throughout the term of the Loans. The services to be provided shall be through a Family Development Center which shall provide childcare with a primary care health clinic and parent resource center, currently anticipated to be provided through a partnership with Children's Collective and St. John's Well Child Center.

- Childcare Center: Childcare services shall be provided for infants through after-school age. Children's Collective, Inc., or a similarly qualified and licensed organization, shall be the provider of these services.

  The Childcare Center will operate ten hours daily, five days a week to provide comprehensive child development services for a minimum of 28 infants and toddlers, 24 preschoolers, and 14 school age children. An age appropriate curriculum will be implemented. Staff will include a bilingual teacher who meets State Department of Education standards. Two meals and a snack will be served daily. If needed, the Childcare Center may operate non-traditional extended hours.

- Health Clinic: Health services shall be provided through a Health Clinic, providing services which shall range from, children's vaccinations, and women's care to mental health counseling and treatment for diabetes. St. John's Well Child Center or a similarly qualified and licensed organization, shall be the provider for these services.

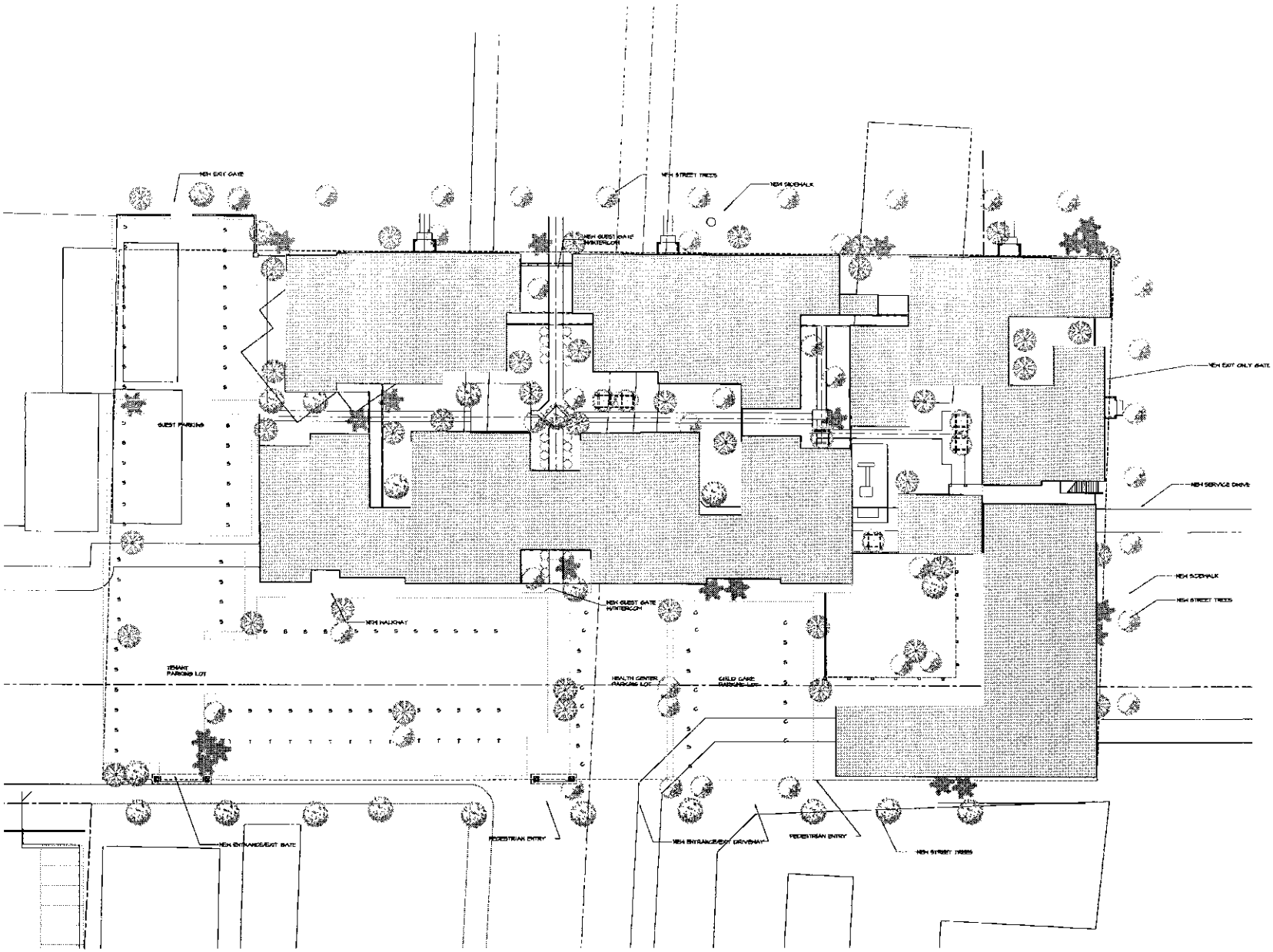
  The Health Clinic will operate six days a week, including one or more evenings. The Health Clinic will include four private exam rooms. Pediatricians will provide preventive care; acute care; childhood immunizations; asthma treatment and management; ; and physical exams. Adolescents at risk for substance abuse, STDs, and pregnancy will receive appropriate care and education. Adult family members will be screened for disease indicators and provided with disease treatment and management, especially for hypertension, diabetes, , cancer, and other diseases endemic to the community.

- Parent Resource Center: Parent resources shall, at a minimum, consist of referrals and linkages with other agencies for services not offered at the Family Development Center. Children's Collective, Inc., or a similarly qualified and licensed organization, shall be the provider of these services.

  The Parent Resource Center will be located within the Development and provide print literature and computers for self-service information and referrals on parenting skills, social services, health care, employment opportunities, etc. The Center will be staffed by two family advocates who will assist parents with case-managed information and referrals and will schedule classes and workshops on health education, nutrition, child development, positive discipline, ESL, and other topics of interest. The Center will be open six days a week and evenings to accommodate parents' schedules.

EXHIBIT "I" TO DDA

SITE PLANS AND ELEVATIONS



A FIRST FLOOR PLAN
SCALE: 1" = 16'-0"

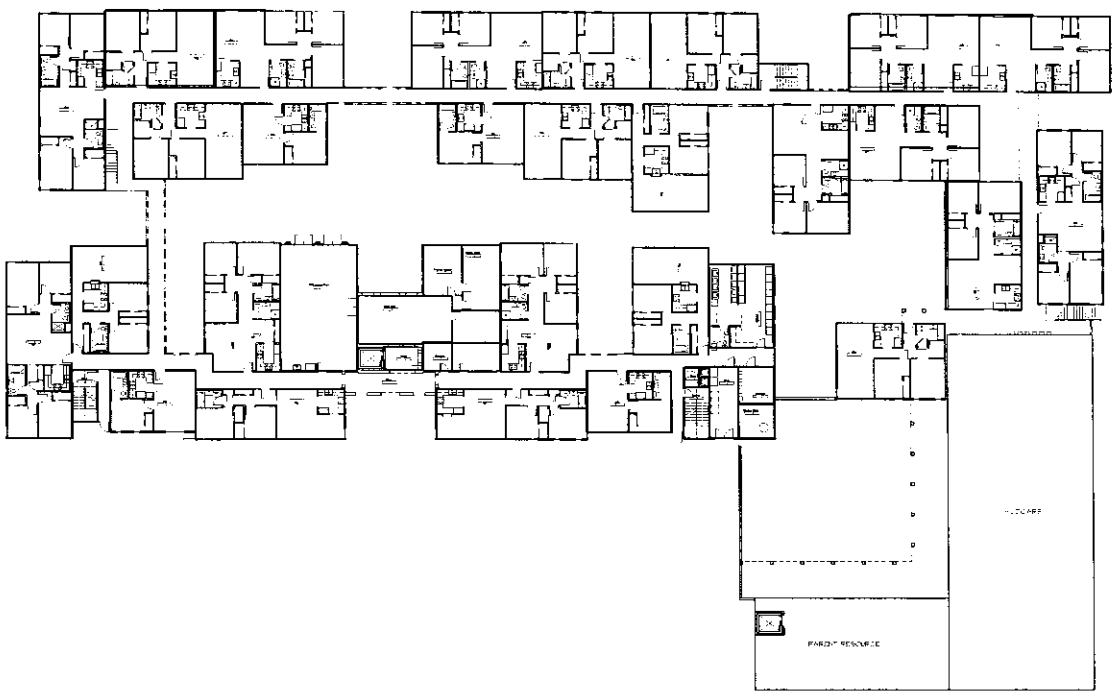
CASA DOMINGUEZ

16729 S. ATLANTIC BLVD.
EAST RANCHO DOMINGUEZ
CALIFORNIA

LOS ANGELES COMMUNITY DESIGN CENTER

Sheet Title
SITE PLAN

A-1.1



Ⓐ FIRST FLOOR PLAN
SCALE: 1" = 16'-0"

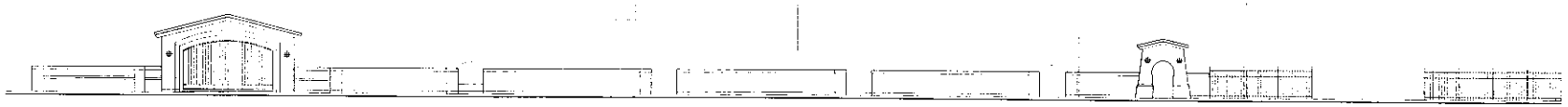
CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ
CALIFORNIA

LOS ANGELES
COMMUNITY
DESIGN CENTER

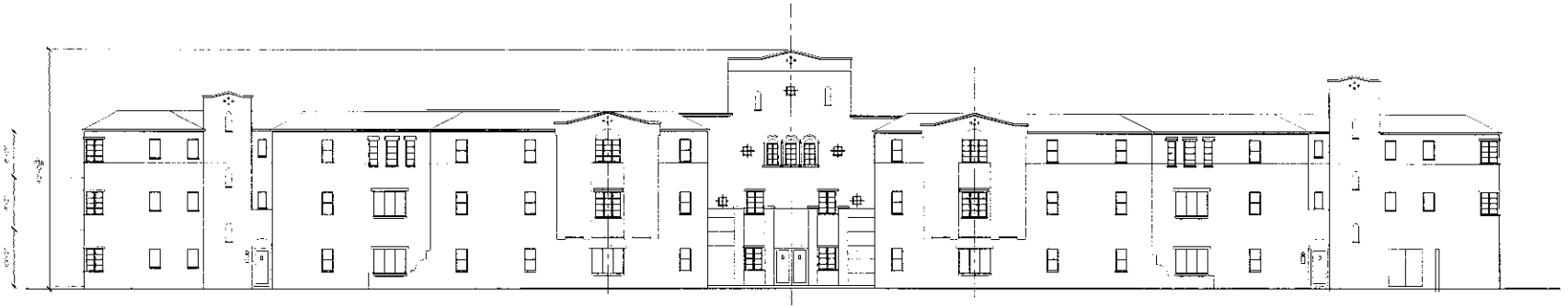
FIRST FLOOR

A-2.1



A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"



A EAST ELEVATION -MAIN BUILDING
SCALE: 1/8" = 1'-0"

CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ,
CALIFORNIA

LOS ANGELES
COMMUNITY
DESIGN CENTER

ELEVATIONS
EAST AND NORTH

A-3.1

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION (ATLANTIC BOULEVARD PARTIAL)
SCALE: 1/8" = 1'-0"

A EAST ELEVATION -MAIN BUILDING
SCALE: 1/8" = 1'-0"

CASA
DOMINGUEZ

15729 S. ATLANTIC BLVD
EAST RANCHO
DOMINGUEZ,
CALIFORNIA

COMMUNITY

ELEVATIONS
EAST AND NORTH

A-3.1

EXHIBIT "J" TO DDA

DEVELOPMENT BUDGET/PRO FORMA/SOURCES & USES

Casa Dominguez

Cash Flow Analysis, Years 1-15

CASH FLOW ANALYSIS	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Residential Income		544,260	557,867	571,813	586,108	600,761	615,780	631,175	646,954	663,128	679,706	696,699	714,116	731,969	750,268	769,025
Vacancy Rate	5.00%	(27,213)	(27,893)	(28,591)	(29,305)	(30,038)	(30,789)	(31,559)	(32,348)	(33,156)	(33,985)	(34,835)	(35,706)	(36,598)	(37,513)	(38,451)
Effective Gross Residential Income		517,047	529,973	543,223	556,803	570,723	584,991	599,616	614,606	629,972	645,721	661,864	678,410	695,371	712,755	730,574
Non-residential Income (laundry)		4,200	4,305	4,413	4,523	4,636	4,752	4,871	4,992	5,117	5,245	5,376	5,511	5,649	5,790	5,934
Rental/Operating Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EFFECTIVE GROSS INCOME		521,247	534,278	547,635	561,326	575,359	589,743	604,487	619,599	635,089	650,966	667,240	683,921	701,019	718,545	736,508
Residential Operating Expenses		(285,600)	(295,596)	(305,942)	(316,650)	(327,733)	(339,203)	(351,075)	(363,363)	(376,081)	(389,243)	(402,867)	(416,967)	(431,561)	(446,666)	(462,299)
Resident Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Assessments	2.00%	(20,220)	(20,624)	(21,037)	(21,458)	(21,887)	(22,325)	(22,771)	(23,226)	(23,691)	(24,165)	(24,648)	(25,141)	(25,644)	(26,157)	(26,680)
Operating Reserve	3.00%	(15,511)	(15,899)	(16,297)	(16,704)	(17,122)	(17,550)	(17,988)	(18,438)	(18,899)	(19,372)	(19,856)	(20,352)	(20,861)	(21,383)	(21,917)
Replacement Reserve		(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
MHP Required Annual Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME		178,916	181,159	183,360	185,514	187,618	189,666	191,652	193,571	195,418	197,186	198,869	200,461	201,953	203,340	204,612
Debt Service		(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(155,578)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)
NET CASH FLOW		23,338	25,581	27,782	29,936	32,040	34,088	36,074	37,993	39,840	41,608	40,326	41,917	43,410	44,796	46,069
Debt Coverage Ratio		1.15	1.16	1.18	1.19	1.21	1.22	1.23	1.24	1.26	1.27	1.25	1.26	1.27	1.28	1.29

DISTRIBUTION OF CASH FLOW	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Cash Flow		23,338	25,581	27,782	29,936	32,040	34,088	36,074	37,993	39,840	41,608	40,326	41,917	43,410	44,796	46,069
Deferred Developer Fee	0.0%	(13,338)	(15,231)	(17,069)	(18,849)	(20,565)	(22,211)	(23,781)	(25,270)	(26,672)	(27,979)	(26,220)	(27,317)	(28,299)	(29,156)	0
Partnership Management Fee	3.5%	(10,000)	(10,350)	(10,712)	(11,087)	(11,475)	(11,877)	(12,293)	(12,723)	(13,168)	(13,629)	(14,106)	(14,600)	(15,111)	(15,640)	(16,187)
Residual Receipt 1	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(14,941)
Residual Receipt 2	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(14,941)
Payment From Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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Cash Flow Analysis, Years 16-30

CASH FLOW ANALYSIS	Year	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Gross Residential Income		788,251	807,957	828,156	848,860	870,081	891,833	914,129	936,982	960,407	984,417	1,009,028	1,034,253	1,060,110	1,086,612	1,113,778
Vacancy Rate	5.00%	(39,413)	(40,398)	(41,408)	(42,443)	(43,504)	(44,592)	(45,706)	(46,849)	(48,020)	(49,221)	(50,451)	(51,713)	(53,005)	(54,331)	(55,689)
Effective Gross Residential Income		748,838	767,559	786,748	806,417	826,577	847,242	868,423	890,133	912,387	935,196	958,576	982,541	1,007,104	1,032,282	1,058,089
Non-residential Income (laundry)		6,083	6,235	6,391	6,551	6,714	6,882	7,054	7,231	7,411	7,597	7,787	7,981	8,181	8,385	8,595
Rental/Operating Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EFFECTIVE GROSS INCOME		754,921	773,794	793,139	812,967	833,292	854,124	875,477	897,364	919,798	942,793	966,363	990,522	1,015,285	1,040,667	1,066,684
Residential Operating Expenses		(478,480)	(495,226)	(512,559)	(530,499)	(549,066)	(568,284)	(588,174)	(608,760)	(630,066)	(652,119)	(674,943)	(698,566)	(723,016)	(748,321)	(774,512)
Resident Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate Assessments		(27,213)	(27,758)	(28,313)	(28,879)	(29,457)	(30,046)	(30,647)	(31,260)	(31,885)	(32,523)	(33,173)	(33,837)	(34,513)	(35,204)	(35,908)
Operating Reserve	3.00%	(22,465)	(23,027)	(23,602)	(24,193)	(24,797)	(25,417)	(26,053)	(26,704)	(27,372)	(28,056)	(28,757)	(29,476)	(30,213)	(30,968)	(31,743)
Replacement Reserve		(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
MHP Required Annual Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME		205,763	206,783	207,664	208,397	208,971	209,377	209,604	209,641	209,475	209,096	208,490	207,643	206,543	205,174	203,521
Debt Service		(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)	(158,543)
NET CASH FLOW		47,219	48,240	49,121	49,853	50,428	50,834	51,060	51,097	50,932	50,552	49,946	49,100	47,999	46,630	44,978
Debt Coverage Ratio		1.30	1.30	1.31	1.31	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.31	1.30	1.29	1.28

DISTRIBUTION OF CASH FLOW	Year	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Net Cash Flow		47,219	48,240	49,121	49,853	50,428	50,834	51,060	51,097	50,932	50,552	49,946	49,100	47,999	46,630	44,978
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Management Fee	3.5%	(16,753)	(17,340)	(17,947)	(18,575)	(19,225)	(19,898)	(20,594)	(21,315)	(22,061)	(22,833)	(23,632)	(24,460)	(25,316)	(26,202)	(27,119)
Residual Receipt 1		(15,233)	(15,450)	(15,587)	(15,639)	(15,601)	(15,468)	(15,233)	(14,891)	(14,435)	(13,860)	(13,157)	(12,320)	(11,342)	(10,214)	(8,929)
Residual Receipt 2		(15,233)	(15,450)	(15,587)	(15,639)	(15,601)	(15,468)	(15,233)	(14,891)	(14,435)	(13,860)	(13,157)	(12,320)	(11,342)	(10,214)	(8,929)
Payment From Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

EXHIBIT "K" TO HOME DDA

HOME PROGRAM REQUIREMENTS

HOME PROGRAM REQUIREMENTS

(HOME - PROJECT NO. HE0087)

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

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

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

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

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

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

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

HOME PROGRAM TENANT MONITORING

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

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

CONFLICT OF INTEREST

No owner, developer, or sponsor of a project assisted with HOME funds, or any officer, employee, agent, or consultant of such may occupy a HOME-assisted unit in the project, unless a waiver in writing is first obtained from the Commission. This provision does not apply to an employee or agent who occupies the unit as the project manager or maintenance worker.

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

HUD's Section 504 regulations require that a recipient of Federal financial assistance ensure that its program, when viewed in its entirety, is accessible to persons with disabilities. (24 CFR 8.20) In order to meet this obligation, participants in the HOME Program must:

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.

- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.

- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.

- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would

result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.

- Providers are required to ensure that information about their programs is disseminated in a manner that is accessible to persons with disabilities. For example, special communication systems can greatly increase the effectiveness of outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille).

- Providers must ensure that activities and meetings are conducted in accessible locations.

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.

- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.

- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

All recipients and sub-recipients must conduct self-evaluations of compliance with Section 504

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "L" TO DDA

COMMISSION REQUIREMENTS

COMMISSION REQUIREMENTS
(HOME - PROJECT NO. HE0087)

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission'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 District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of $100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.

B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.

C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission

or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

F. 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. The Commission 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 the Commission.

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.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the

person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit L-1 SAFELY SURRENDERED BABY LAW FACT SHEET of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist 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. Compliance With Jury Service Program.

A. Unless Borrower has demonstrated to the Commission 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 the County or a subcontract with a County contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more County 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 the County, 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 the County 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 County 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. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County'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, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

E. For the purposes of this Section 23, the term County also includes and refers to Commission.

24. 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 Exhibit L-2, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission 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 "L-1" TO DDA

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 "L-2" TO DDA

CHARITABLE CONTRIBUTIONS CERTIFICATE

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)

EXHIBIT "M" TO DDA

ENVIRONMENTAL SPECIAL CONDITIONS

County of Los Angeles
Community Development Commission

DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: East Rancho Dominguez Mixed Use Housing Project

PROJECT DESCRIPTION: The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

PROJECT LOCATION: The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.

MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:

The following mitigation measures are required:

1. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

   - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

   - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

   - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles 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.

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.

Mitigation Monitoring Plan
Casa Dominguez 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. 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.	Landscape Architect Architect/Contractor	Community Development Commission Community Development Commission	Design/Operation Construction
Noise. In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design: •Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed. • Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications). • Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.	Architect/Contractor Contractor Contractor	Community Development Commission Community Development Commission Community Development Commission	Construction Construction 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

EXHIBIT “N” TO DDA

CONSTRUCTION REQUIREMENTS

CONSTRUCTION REQUIREMENTS
(HOME - PROJECT NO. HE0087)

The Borrower's receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the project is conditioned upon the Borrower's adherence to certain construction requirements imposed by the Community Development Commission (CDC) in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT "K". The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT "K" or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by CDC for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

1. Submittals and Review Procedure; Construction Monitoring

(a) For purposes of this EXHIBIT "N":

(i) "Construction Documents" shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) "Empirical Cost Model" shall mean a cost model which CDC may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by HACOLA.

(b) The Borrower's submittal requirements shall include the following:

(i) The Borrower shall submit to CDC within 20 days of the execution of this Agreement a project team staffing plan ("Staffing Plan") for review and approval by CDC. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to CDC within 20 days of the execution of this Agreement a detailed development schedule ("Development Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by CDC in a revised schedule to be submitted to CDC within 10 days after receiving comments from CDC with respect to the

original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "K". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "K".

(iii) The Borrower shall submit to CDC within 20 days of the approval of the Construction Contract a detailed construction schedule ("Construction Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by CDC in a revised schedule to be submitted to CDC within 10 days after receiving comments from CDC with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, *Using CPM in Construction*. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to CDC a draft completed regulatory "Entitlement Review" package for CDC review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to CDC not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to CDC within 30 days of the execution of this Agreement basic concept drawings ("Basic Concept Drawings") for review and approval by HACOLA. The Basic Concept Drawings shall be in form and content as directed from time to time by HACOLA.

(vi) Based on, and within 60 days of CDC approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to CDC for review and approval by CDC certain design development plans and related documents ("Design Development Plans") for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to CDC comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to CDC for review and approval by CDC the (preliminary drawings) 50% construction documents (the "Preliminary Drawings"). The 50% submittal shall include a detailed cost estimate and a list of value engineering considerations representing a saving goal of 10% of the overall Project budget.

(viii) The (final working drawings) 100% construction documents (the "Final Drawings") submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by HACOLA, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model the Borrower shall be required to demonstrate to CDC the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, CDC staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by CDC. CDC and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to CDC can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to CDC in accordance with the Development Schedule a construction contract ("Construction Contract") for review and approval by HACOLA. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as CDC may require.

(d) The Construction Management Division of CDC will provide oversight monitoring of the Project. The Borrower shall maintain at the job site adequate records and shall permit site access to CDC at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies;

review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that CDC's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for CDC's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by CDC in connection with its review, inspection and monitoring activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) The Project is designated as a Davis Bacon/public works type project and as such has certain additional bidding and reporting requirements. The Borrower shall consult with the Construction Management Division of CDC for detailed requirements. The Borrower shall include all such requirements in the Construction Documents and conduct the bid phase according to such requirements, including the prevailing wage determination or decision in effect at the time of the bid. Prior to going out to bid (advertisement), or award of negotiated bid, the Borrower shall submit to CDC the bid package for review and approval, which submittal shall be five days (5) prior to any advertising placement or negotiation discussion, as the case may be. Once bids are received, the Borrower shall prepare a bid evaluation and review all submittals with CDC staff for compliance with all applicable Governmental Restrictions.

2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by CDC and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by CDC required to establish the amount and time lines of the payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by HACOLA, payments made by or on behalf of CDC in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided, shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of CDC for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "K" shall be made through a HACOLA-approved construction disbursement agency, as set forth below.

(c) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect CDC's personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding $100,000. *See* (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor ("Contractor") shall procure and maintain at Contractor's expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-sub contractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Comprehensive General Liability: $1,000,000 combined single limit for each occurrence ($2,000,000 General Aggregate) for bodily injury, personal injury and property damage, including products and completed operations coverage.

(ii) Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(iii) Workers Compensation as required by the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

(iv) Contractor shall furnish CDC with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for

each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to CDC.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to HACOLA.

(viii) Any self-insurance program and self-insured retention must be separately approved by CDC.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "N" shall constitute an Event of Default under this Agreement and CDC may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of HACOLA.

(xi) The Community Development Commission and HACOLA, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "N", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.

EXHIBIT "O" TO DDA

SCHEDULE OF PERFORMANCE

SCHEDULE OF PERFORMANCE
(HOME - PROJECT NO. HE0087)

ACTION	DATE
1. **Execution and Delivery of Agreement by Developer**. The Developer shall execute and deliver this Agreement to the Commission.	Not later than 5 days after receipt of this Agreement by Developer for execution.
2. **Execution of Agreement by Commission**. The Board of Commissioners must authorize execution of this Agreement by the Commission and, if so authorized, the Commission shall execute and deliver this Agreement to the Developer.	Following approval by the Board of Commissioners.
3. **Opening of Escrow**. Borrower shall open an escrow account for the conveyance of the Site.	Within 60 days of execution of this Agreement.
4. **Submission – Certificate of Insurance**. The Developer shall furnish to the Commission appropriate certificates of insurance policies.	Prior to 5 days before the close of Escrow.
5. **Close of Escrow**. The Commission shall convey the Site with a Grant Deed.	Within 120 days of the Opening of Escrow.
6. **Zoning & Entitlements for the Site**. The Developer, based on documents and maps prepared by the Developer, shall use its best efforts to cause the zoning and entitlements for this Site to be such as to permit the development and construction of the Developer Improvements in accordance with this Agreement.	Within 12 months of execution of this Agreement Developer shall cause zoning & entitlements for the Site to be such as to permit the development and construction of the Developer Improvements.

ACTION	DATE
7. **Schematic Design Plans**. The Developer shall prepare and submit to the Commission for review and approval Schematic Design Plans and related documents.	Developer submittal within 90 days of execution of this Agreement.
8. **Approval Schematic Design Development Plans**. The Commission shall approve or disapprove the Developer's Design Development Plans for the Developer Improvements.	Commission will review and respond within 15 days of receipt. The Developer shall include 5 days for review of each revised submittal until approved.
9. **Submission of Construction Loan Commitment**. The Developer shall deliver to the Commission an irrevocable written commitment from a Qualified Financial Institution agreeing to make a construction loan in an amount sufficient to fund the construction of the Developer Improvements together with Developer equity and other sources of funding.	Within 180 days of the execution of this Agreement.
10. **Approval of Construction Financing**. The Commission shall approve or disapprove the Developer's Construction Financing Commitment.	Within 5 days after receipt thereof by the Commission.
11. **Final Drawings.** – The Developer shall submit to the Commission for review and approval the 100% construction documents adequate to obtain building permits and include evidence of a constructability review from a licensed contractor.	At least 25 days prior to the date set forth herein for the commencement of the Developer Improvements.

ACTION	DATE
12. **Approval Final Drawings.** The Commission shall approve or disapprove the Developer's Final Drawings for the Developer Improvements.	Commission will review and respond within 25 days of receipt. If necessary the Developer shall include 5 days for review of each revised submittal until approved.
13. **Submission of Construction Contract for Developer Improvements**. The Developer shall deliver to the Commission a construction contract(s) for the construction of all Developer Improvements specified in this Agreement. Each contract shall comply with all requirements established by this Agreement. Where the Developer is the General Contractor, delivery shall be made of the contracts with subcontractors.	Within 12 months of the execution of this Agreement.
14. **Approval of Construction Contract for Developer Improvements**. The Commission shall approve or disapprove the Construction Contract(s).	Within 5 days after receipt thereof by the Commission.
15. **Submittal of Construction Schedule**. The Developer shall submit to the Commission a detailed Construction Schedule for review and approval.	Within 20 days of approval of Construction Contract.
16. **Approval of Construction Schedule**. The Commission shall approve or disapprove the Construction Schedule.	Within 14 days of submittal.

ACTION	DATE
17. **Commencement of Construction of Developer's Improvements**. Developer shall commence construction of Developer Improvements. A construction schedule shall be provided to the Commission when construction begins and shall be updated monthly. The schedule shall include improvements to be constructed pursuant to the Off-site Infrastructure contract, if appropriate.	Commencement of construction shall not be later than 13 months after the date of execution of this Agreement.
18. **Completion of Construction of Developer Improvements**. Developer shall complete construction of the Developer Improvements an improvements pursuant to the Off-site Infrastructure contract, if appropriate.	Within 18 months after commencement thereof by the Developer, or as extended through approved change orders.
19. **Certificates of Occupancy**. The Developer shall cause the issuance of Certificates of Occupancy for each completed unit.	Promptly after completion of all construction required to be completed by the Developer on the Site.
20. Submission of Construction Completion Package.	30 days following completion of all construction on the Site.

EXHIBIT “P” TO DDA

DESIGN GUIDELINES

COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES

DESIGN GUIDELINES FOR RENTAL HOUSING

Community Development Commission
of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For RENTAL Housing Developments

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Minimum Construction Standards/Design Guidelines For RENTAL Housing Developments

I. FUNDAMENTAL DESIGN GUIDELINES FOR RENTAL DEVELOPMENTS

A. Site

1. Open Space for New Construction

Private Area 60 sq. ft. per ground floor unit, and 30 sq. ft. per non-ground floor unit, with a minimum dimension of 5 ft. Area may be a patio, deck, porch, yard or balcony. Primary access to private open space should not be from bedrooms.
Not required on SRO Projects

Common Area (not including circulation or required front and sideyard setbacks unless incorporated into larger usable space):

0 -10 Units	30 sq. ft. per unit.
11-25 Units	20 sq. ft. per unit
26-50 Units	17.5 sq. ft. per unit
51+ Units	15 sq. ft. per unit

2. Landscaping

Drought Tolerant
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 for every 50' of street frontage.
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 prepared by a landscape architect licensed in the State of California.

3. 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.

4. Trash Collection

Trash enclosure for dumpsters shall have a concrete pad, CMU walls, 3x12 wood crash rails on 3 sides of the interior, and heavy-duty metal gates with perforated metal cladding. The gates should be located 6 inches off the ground to improve surveillance into the area to reduce loitering.

5. Curbs

Provide concrete curbs at or around all drives and parking areas

6. Building Orientation

Orient building to maximize solar access during cooler months and to control it during warmer months.

7. Pedestrian Hardscape Areas

Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).

8. 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.

9. Parking

Whenever possible, locate parking towards the rear of the site to minimize its impact on the street.
On large projects consider subterranean parking to free up open space at grade level.
If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.

Consider placing second story massing over garage to bring the living space closer to the street and take some attention off of the garage.
Parking area should have adequate lighting and provide a safe and secure environment. Minimize the walking distance to insure a short and direct access to the units.
Provide clear separation between vehicles and pedestrians.
Landscaping should be used to soften the visual impact of large parking areas.
Consider improving unavoidable blank walls with decorative artwork, display cases, vines, and good quality durable materials to minimize graffiti and deterioration.
Parking not required on SRO Projects

B. Building Exterior

1. Height

Relate the overall height of the new structure to that of adjacent structures and those of the immediate neighborhood. Avoid new construction that varies greatly in height from other residential buildings in the area.
Consider relating the floor levels of the new structure to those of the adjacent uses on infill buildings.

2. Scale

Relate the size and bulk of the new structure to the prevalent scale in other buildings the immediate area.

3. Massing

Consider stepping larger structures down towards the street in areas where the predominate scale along the street is single story and pedestrian oriented.
Consider breaking larger buildings into smaller pieces.

4. Form

Consider utilizing a variety of building forms and roof shapes instead of box-like forms with large, unvaried roofs. Make sure forms and shapes work together to create a cohesive whole project. Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to break up large masses and add visual complexity.

5. Size and Rhythm of Openings

Respect the rhythm and proportion of openings prevalent in the immediate area surrounding the new building.

6. Materials and Color

Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality buildings 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.

7. Individual Identities

Whenever possible, divide repetitive structures into smaller clusters to promote individuality and a sense of place for residents.
Consider strategies that allow residents to enhance the exterior appearance of their units.

8. Entries for Projects and Units

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.

9. 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.

10. 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.

11. Roofing

Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Access / Corridors

Avoid corridors of excessive length, i.e greater than 100 feet of unbroken length. Whenever possible avoid corridors that are not naturally lighted. Providing natural ventilation is encouraged.

2. Unit Sizes

SRO:	120 s.f. (1 occupant - excluding bathroom)
SRO:	180 s.f. (2 occupants - excluding bathroom)
Studio:	400-500 sq. ft.
1-Bedroom	500-700 sq. ft.
2-Bedroom	750 - 950 sq. ft.
3-Bedroom	1,000 - 1,200 sq. ft.
4-Bedroom	1,200 - 1,400 sq. ft.

3. 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. Minimum 24" wide and at least 12" away from any sidewall for all 1 bedroom and smaller units. *	
Refrigerators	12 cu. ft. for 1-bedroom or less. *	

	16 cu. ft. for 2-bedrooms. * 18 cu. ft. for 3-bedrooms or more. *	
Dishwashers	In all 2-4 bedroom units. *	
Garbage disposals	(Recommended) *	
Bedroom	9 ft.	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. Applies to SRO (15 s.f. / occupant)
Linen Storage		4 sq. ft. *

* Requirements do not apply to SRO Projects

4. Common Indoor Areas

Community Room	A minimum of 400 sq. ft. not including laundry area and a maximum of 20% of the residential floor area for developments of 15 units or less. A minimum of 600 sq. ft. not including laundry area and a maximum of 15% of the residential floor area for developments with 16 units or more. Provide a public restroom and microwave alcove.
Laundry Area	One washer and dryer for every 10 units in a common laundry area. As an alternative, washers and dryers, not just hook-ups, may be provided in individual units. Common laundry areas to have a minimum 6' long countertop surface for folding cloths.

Adequate natural light and ventilation.

5. HVAC

Provide air conditioning for all separately metered units.
Whole house and ceiling fans maybe used in lieu of air conditioning.
Utilizing hydronic heating/hot water systems is encouraged.

6. Elevators
Provide elevators for all structures with three floors or more and for all senior or disabled projects of two floors or more.

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. Hose Bibs

Provide vandal resistant hose bibs.

4. Communication Wiring

Provide a telephone jack in all bedrooms and in one common area.
Provide CAT 5 wiring to at least one location per unit.
Not required on SRO Projects

5. Cable Television

Provide a minimum of one jack in the living room for units with 2 bedrooms or less. Provide a minimum of one jack in at least one bedroom plus one in the living room for units with 3 bedrooms or more.
Not required on SRO Projects

6. 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.

7. Fire Extinguishers

Provide recessed fire extinguishers.

Fire extinguishers to be vandal resistant.

8. Entry Security System

Provide security entry system (e.g. intercoms, key cards, combination pads, etc.) for all rental developments.

9. 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.
No windows allowed within 36" of the latch side of the door.

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.

10. 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.

11. 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.

12. Window Coverings

Metal horizontal blinds are not permitted.

13. Medicine Cabinets

Plastic medicine cabinets are not permitted.
Provide recessed cabinets.

14. 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.

Bath tubs and/or Showers not required in SRO units.

15. Blocking

Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

16. 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.

17. 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.

18. Cabinetry

For all developments accept senior housing, cabinets shall be constructed as follows:

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.

19. Kitchen Hoods

Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

20. 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.

21. Appliances

Select Energy Star appliances.

22. Wood Structural Members

The use of engineered wood for headers, joists and sheathing is encouraged.

23. Recycled Content Materials

The use of recycled content insulation, drywall, carpet and other "green" materials is encouraged.

24. Indoor Air Quality Materials

Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

25. Roofing

Minimum 20-year roof.
If asphalt shingle use "architectural" profile.

26. 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.

27. Landscape Edging

Provide redwood bender board edging or equal at planter bed and turf boundaries.

28. Lighting

Use fluorescent light fixtures for at least 75% of light fixtures or comparable energy lighting for the project's total lighting including common areas.

IV COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES RENTAL HOUSING DESIGN REVIEW PROCESS & SUBMISSION REQUIREMENTS

Described below is the Community Development Commission's (CDC's) design review process to be applied to project designs as follows:

1. Projects located in a city with an existing design review process will only be subject to one Design Review. However, if important changes are made to the CDC approved design, including but not limited to changes in unit mix, number of units, significant plan or elevation changes, noncompliance with required CDC design features, and quality upgrades or value engineering, such changes will need to be re-approved by CDC. CDC reserves the right, at its sole discretion, to reduce or rescind its funding commitment.
2. If the developer's initial design review submittal includes construction documents the project will only be subject to one Design Review.
3. Projects located in unincorporated County of Los Angeles or in cities without a design review process will be subject to full design review requirements.
4. Only projects receiving Design Advisor points are subject to Design Advisor submittal requirements.

I. OPTIONAL CONCEPTUAL DESIGN REVIEW

(TIMING: This optional review is best completed before the project goes to the Board of Commissioners for a funding commitment approval)

A. Developer submits conceptual package to Housing Development & Preservation (HDP) including:
   1. Site Plan
   2. Photographs of site, adjacent properties and neighborhood
   3. Location map showing adjacent uses.
   4. Floor Plans
   5. Elevations
   6. Section
   7. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A copy of the Master Design Checklist with the 'Date Completed' sections for Steps 1 through 7 & 9 through 11 filled in.
      b. Completed copies of the following:
         User Activity Checklist
         Short Statement of Resident-Related Goals
         Neighborhood Context Analysis Worksheet
         Short Statement of Community-Related Design Goals
         Access to Services Checklist
      c. Documentation (narrative and sketches) illustrating a minimum of three alternative site plan concepts and explaining why your final choice was selected .

B. HDP transmits package to Construction Management (CMD) within two working days of submittal by Developer.

C. CMD transmits comments to HDP within 10 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

II. DESIGN REVIEW #1

(TIMING: This design review must be approved during the schematic design phase)

A. Developer submits schematic design package to HDP including:
   1. Site Plan
   2. Landscape Plan
   3. Floor Plans
   4. Sections
   5. Elevations
   6. Enlarged Furnished Unit and Common Area Plans
   7. Construction Cost Estimate on CMD electronic form.
   8. Color & Material Boards
   9. Outline Specifications
   10. Concept Design Review items I.A.2, 3 & 6 are required only if the concept design was not previously reviewed.
   11. Redlines from the most recent CDC design review.

B. HDP transmits package to CMD within 2 working days of submittal by developer.

C. CMD transmits comments to HDP within 10 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

III. DESIGN REVIEW #2 - CONSTRUCTION DOCUMENTS

(TIMING: This design review must be approved prior to start of construction)

A. Developer submits construction documents package to HDP including:
   1. "Plan Check" set of plans
      a. Architectural
      b. Landscape and irrigation plans
      c. Structural plans
      d. Mechanical plans
      e. Electrical plans
      f. Plumbing plans
      g. Civil plans
      h. Other pertinent data as requested
   2. Updated cost estimate on CMD's electronic form.
   3. Draft Project Manual including specifications.
   4. Concept Design Review items I.A.2, 3 & 6 are required only if the concept design was not previously reviewed.
   5. Design Review #1 item II.A.8. is required only if the design was not previously reviewed.
   6. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A copy of the Master Design Checklist with the 'Date Completed' sections for Steps 8 & 12 through 16 filled in.
      b. Completed copies of the following:
         Cost Analyses Checklist
         Analyses #1 - #6
         Operations and Maintenance Considerations Checklist
         Schematic Design, Design Development, Contract Documents Sections Only
         Prioritized List of Key Design Components
         Prioritized List of Key Construction Materials and Systems
         Prioritized List of Key Finishes and Hardware
   7. Redlines from the most recent CDC design review.

B. HDP transmits package to CMD within 2 working days of submittal by developer.

C. CMD transmits comments to HDP within 20 working days of submittal by HDP.

D. HDP transmits comments to Developer within 2 working days of submittal by CMD.

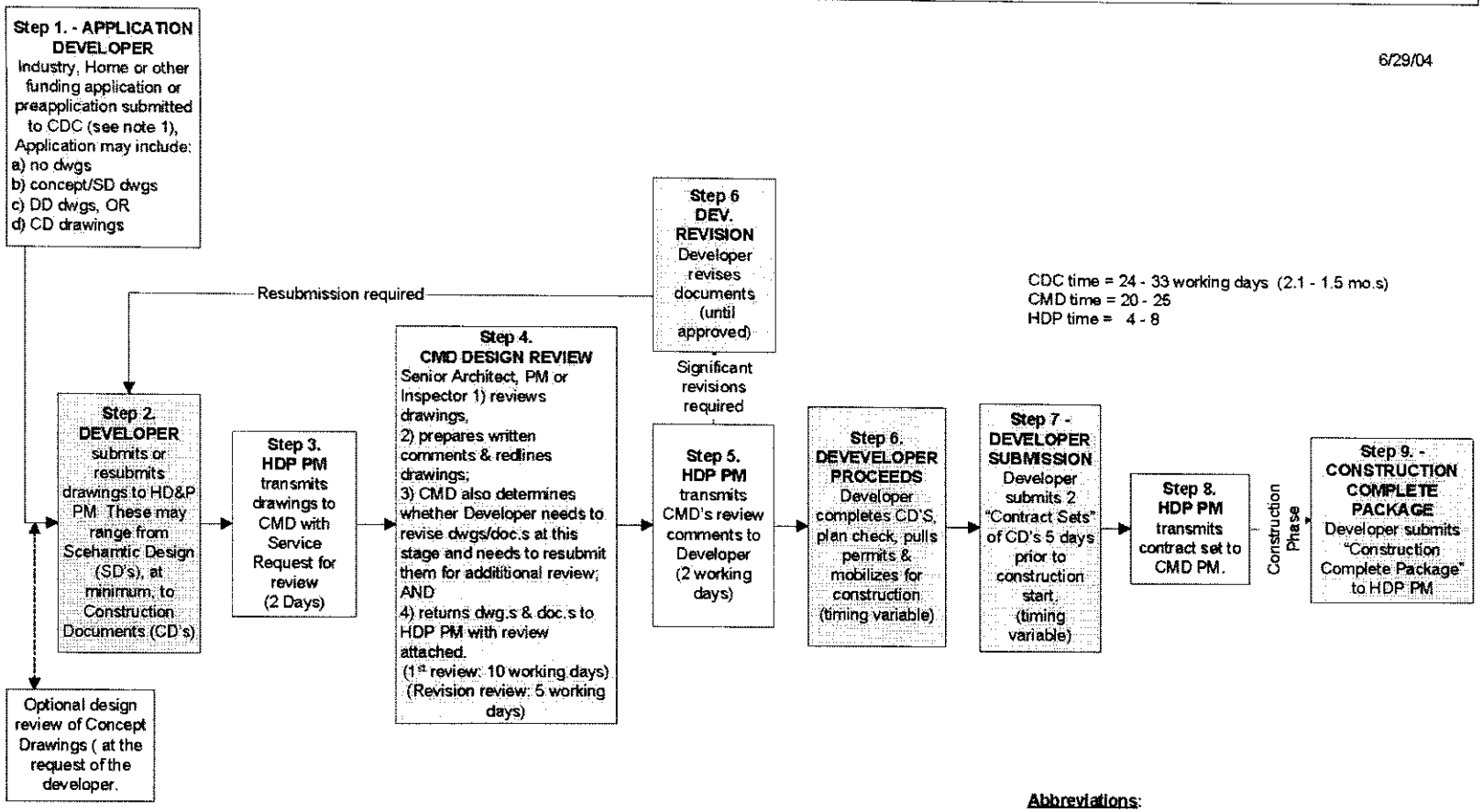
E. If necessary, Developer submits revised design packages, including CMD marked-up plans, to HDP until approved in writing. Each review of revised submittals will be completed by CMD within a 5 working day period.

IV. CONSTRUCTION COMPLETION PACKAGE

(TIMING: This submittal must be approved prior to close of permanent financing)

A. Within 30 days after the completion of construction, and at least 30 days prior to closing the permanent financing, developer submits construction completion package to HDP including:
   1. Updated cost estimate on CMD's electronic form.
   2. Design Advisor requirements (www.designadvisor.org), if applicable, including:
      a. A complete copy of the finished Project Book for your development, including all completed checklists and forms.
      b. The Master Design Checklist, with all applicable dates filled in.

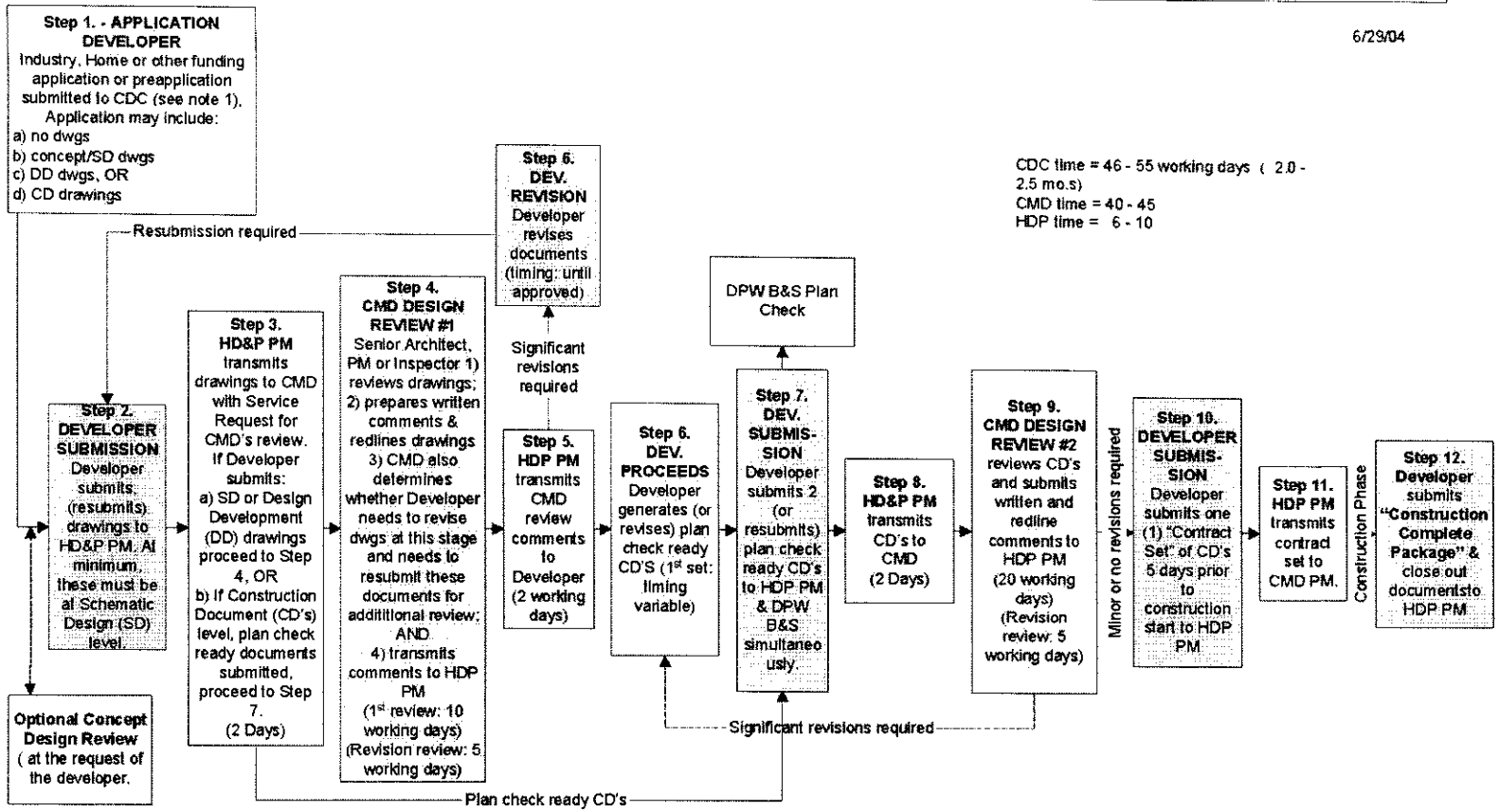
FOR PROJECT IN INCORPORATED CITIES THAT HAVE A DESIGN REVIEW PROCESS



Abbreviations:
B&S - DPW's dept. of Building & Safety
DD = Design Development drawings and outline specifications
CD's = Construction Documents and specifications
DPW - LA Co. Dept. of Public Works
DEV. = Developer

Design Review Process for Affordable Housing Development

FOR PROJECTS IN AN UNINCORPORATED AREA OR CITY WITHOUT A DESIGN REVIEW PROCESS



Abbreviations:
B&S - DPW's dept. of Building & Safety
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Design Review Process for Affordable Housing Development

County of Los Angeles
Community Development Commission

DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: East Rancho Dominguez Mixed Use Housing Project

PROJECT DESCRIPTION: The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

PROJECT LOCATION: The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.

MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:

The following mitigation measures are required:

1. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles 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.

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:	East Rancho Dominguez Mixed Use Housing Project
Project Location:	The project site is located within the unincorporated community of East Rancho Dominguez in the community of Compton in Los Angeles County, California. The 122,206-square foot site is located at the addresses 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, between Alondra Boulevard and Linsley Street. Figure 1 shows the regional location of the project and Figure 2 shows the location of the project within the community of Compton.
Assessor's Parcel Number(s):	6181-027-901, 6181-027-902, 6181-027-903, 6181-027-904, and 6181-027-905
Statement of Need:	The project provides for the development of affordable multi-unit housing and is therefore consistent with the guidelines of the Community Development Block Grant (CDBG) program.
Project Description:	The proposed project involves the construction of up to 70 units of affordable multi-family housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings would be constructed comprising approximately 90,000 square feet (2.1 acres). The project would not require demolition of any existing buildings, as the project site currently consists of a vacant lot. Offsite improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities, including sanitary and storm sewers.

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 five parcels in the project area are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation (a). A zone change will need to be obtained prior to project approval.
Compatibility and Urban Impact	X						The project site is bounded by a truck yard lot to the north, an auto repair shop to the south, single family homes to the west, and retail shops and a truck yard lot to the east (b). The proposed project would not pose any significant conflicts with the scale and type of surrounding development.
Slope	X						The site is generally flat (b). The proposed development 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						Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs were removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) (c).
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas, as would the resulting residential units. 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 along a busy road (Atlantic Avenue) and 4 blocks from the 710 Freeway. Noise levels on-site were measured at 64.5 dBA, which approaches

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)
							HUD's exterior noise threshold of 65 dBA for residential uses. Noise mitigation measures should be incorporated into project design to ensure that future residents are not exposed to excessive noise levels. The proposed project is an affordable residential facility and is not expected to significantly affect nearby sensitive receptors. Appropriate design and placement of the project elements would minimize any potential impacts to adjacent residences to the north and west. The proposed project would generate an estimated 490 average daily vehicle trips on local roadways (d). This increase would not significantly affect roadway noise levels.
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}). Children and employees of the residential units and non-residential component of the project 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 be expected to exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (e). Existing South Coast Air Quality Management District (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 affordable housing on a vacant site. The surrounding neighborhood consists of single-family residential developments, truck lots, retail stores, and an auto-repair shop (b). The completed project would be compatible with the visual context of the existing neighborhood and may improve visual conditions onsite.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

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)
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing for low-income residents. The project would incrementally increase the population in the community but would not significantly change the demographic character of the area.
Displacement	X						The project site is currently a vacant lot containing no buildings (b). Therefore, no displacement would occur. Because the proposed project would provide up to 70 units of affordable multi-family housing, the project would increase the overall housing supply in the area.
Employment and Income Patterns		X					The project would generate short-term employment opportunities during construction. Additionally, the project will include a non-residential component consisting of retail and office space or community uses such as childcare or senior care; the former would provide some long-term employment opportunities. No adverse impacts to employment or income patterns are expected.
Community Facilities and Services							
Educational Facilities	X						The proposed project would create new housing and would introduce some children to the area. Children would attend Clinton Elementary School, Roosevelt Middle School, and Dominguez High School, which the Compton School District has indicated have capacity to serve the increased number of students generated by the project (f). The project would be required to pay school impact fees in accordance with SB 50 to mitigate potential impacts to area schools. Significant impacts to educational facilities are not anticipated.
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 current area residents. In addition, the non-residential component of the project is anticipated to consist of retail and office space or space for community uses such as childcare or senior care, which would improve social services for the community. 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

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)
							capacity, project design should accommodate solid waste recycling.
Waste Water	X						The proposed project would increase wastewater generation as compared to current conditions. However, the site is in an urbanized area with wastewater infrastructure in place. Any minor upgrades to wastewater systems needed to serve the project would be implemented in conjunction with site development.
Storm Water	X						The project site currently consists of an unpaved dirt lot (b). Project development would increase the amount of impervious surface onsite with the addition of buildings and paved areas, which could contribute to an incremental increase in runoff and a decrease in water quality. However, storm drains would be installed on the site as part of project development and would be sized adequately to accommodate runoff from the site. The project would comply with local, state, and federal requirements pertaining to control and water quality of stormwater runoff. Therefore, significant impacts are not anticipated.
Water Supply					X		Water service would be provided by Park Water Company (g). The project would incrementally increase water consumption as compared to the current use but is not expected to significantly affect water supply. Nevertheless, because of ongoing concerns about water supply in the Southern California region, water conservation measures shall be incorporated into the design of the project.
Public Safety Police	X						The Los Angeles County Sheriff's Department's Compton Station, in the City of Compton, provides police protection services in the project vicinity (h). The station is located at 301 S Willowbrook Ave., 2.3 miles from the proposed project site (i). The proposed project would incrementally increase the demand for police protection services. However, this increase would be nominal and no adverse impacts to police services are expected.
Fire	X						The Los Angeles County Fire Department Station 31 would provide fire protection, paramedic, and emergency medical technician services to the project site. The station is located at 7521 E. Somerset Blvd. in the city of Paramount (j), 1.8 miles east of the project site (i). The proposed project would incrementally increase the demand for fire protection services; however, assuming compliance with Fire Department requirements, no adverse impacts to fire protection services are anticipated from development of the project.
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services. Emergency victims would be taken to the Suburban Medical Center in Paramount or Saint Francis Hospital in Lynwood (j).

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)
							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						East Rancho Dominguez County Park is located approximately two blocks north of the project area, Kelly Park is located about five blocks southwest, and Compton Golf Course is located northeast across the Los Angeles River from the project site (i). No adverse impacts to these facilities are expected.
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would incrementally increase traffic on roadways in the project vicinity; however, the area transportation system is in place and appears to be sufficient to accommodate project-generated traffic. The mixed-use nature of the project would minimize traffic generation and may reduce overall impacts to the regional transportation system by providing a mix of residential and neighborhood commercial uses in proximity to each other. The project would contribute minimally to the overall traffic condition in the area and significant impacts to the area circulation 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 (b). 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, b).
Vegetation and Wildlife	X						The project site is in a highly urbanized area. No important biotic communities exist and no wildlife was observed onsite (b). Therefore, the project would not significantly affect vegetation or wildlife.
Long-Term Effects							
Growth-Inducing Impacts	X						The proposed project would provide infill development in an urbanized area. It includes a housing component that will provide 70 units of multi-family housing; however, the majority of project residents likely already reside elsewhere in the community. Thus, the project would not induce

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)
							substantial population growth. The project would not require the extension of infrastructure or roadways, since the site has been developed previously and is in a highly urbanized area. Therefore, its potential to induce growth is considered less than significant.
Cumulative Effects	X						The proposed project would provide infill development in an urbanized area. While it would increase the intensity of development on the project site, it would not result in any significant impacts that would be cumulatively considerable.

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project site is located within flood zone C, FEMA panel 065043-0940C, indicating minimal flood potential, as the project lies outside the 500-year flood zone (d).
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 (i).
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 non-attainment area for ozone, carbon monoxide, and fine particulate matter (PM_{10}). 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 (e). Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).

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
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 for area residents. The project would not expose low-income or minority populations to any environmental justice concerns.
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 along a busy road (Atlantic Avenue) and 4 blocks from the 710 Freeway. Noise levels on-site were measured at 64.5 dBA, which approaches HUD's exterior noise threshold of 65 dBA for residential uses. Noise mitigation measures should be incorporated into project design to ensure that future residents are not exposed to excessive noise levels. The proposed project is a residential facility and is not expected to significantly affect nearby sensitive receptors. Appropriate design and placement of the project elements would minimize any potential impacts to adjacent residences to the north and west. The proposed project would generate approximately 490 average daily vehicle trips on local roadways (d). However, this increase would not significantly affect roadway noise levels.
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 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).

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
e. Toxic/Radioactivity HUD Notice 79-33	X					Past soil assessments have identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which contained high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site has been conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs have been removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling has indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) (c). 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 (i).

Summary of Findings and Conclusions:

The proposed project involves the construction of up to 70 units of multi-family affordable housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings will be constructed comprising approximately 90,000 square feet (2.1 acres). The parcels that comprise the project site are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation; therefore, a zoning change will need to be obtained prior to project approval. Neighboring land uses consist primarily of residential and commercial development. The proposed project would generally be compatible with the scale and visual character of the surrounding area.

The project would not generate any significant noise impacts. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required. The project site is currently comprised of dirt lots with no buildings to be demolished. Therefore, displacement of current residents is not a concern.

No watercourses or water resources are located in the project area. No threatened or endangered wildlife was observed on the site. Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs was removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) and the site is considered to have been adequately remediated by soil excavation.

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 flood 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 composed of an empty dirt lot surrounded by a chainlink fence. Vegetation consists of ruderal, non-native annual grasses and weeds. 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. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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 Los Angeles County.

References:

a. Los Angeles Department of Regional Planning web site, <http://planning.co.la.ca.us> (ELECTRONIC)

b. Meighan Jackson, Rincon Consultants, Site Visit, March 11, 2004. (FIELD)

c. Block Environmental, *Phase I Environmental Site Assessment Report, 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, East Rancho Dominguez and Compton, California.* September 25, 2003. (PRINTED)

d. Los Angeles County Flood Control, Watershed Management, personal communication, March 22, 2004. (CONTACT)

e. South Coast Air Quality Management District (November 1999), CEQA Air Quality Handbook. (PRINTED)

f. Compton Unified School District, personal communication, March 18, 2004. (CONTACT)

g. City of Compton Municipal Water Department, personal communication, March 22, 2004. (CONTACT)

h. Los Angeles County Sheriff's Department, personal communication, March 18, 2004. (CONTACT)

i. Thomas Brothers Maps, Los Angeles County, 2002. (PRINTED)

j. Los Angeles County Fire Department, personal communication, March 18, 2004. (CONTACT)

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 construction of up to 70 units of multi-family affordable housing and a non-residential component consisting of retail and office space or community uses such as child care or senior care. The project site contains 5 parcels totaling approximately 122,206 square feet (2.8 acres), on which up to 5 buildings will be constructed comprising approximately 90,000 square feet (2.1 acres). The parcels that comprise the project site are zoned M-1, Light Manufacturing. Residential uses are prohibited under this designation; therefore, a zone change will need to be obtained prior to project approval. Neighboring land uses consist primarily of residential and commercial 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. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required. The project site is currently comprised of dirt lots with no buildings to be demolished. Therefore, displacement of current residents is not a concern.

No watercourses or water resources are located in the project area. No threatened or endangered wildlife was observed on the site. Past soil assessments identified several sources of contamination on-site, including waste-oil underground storage tanks (USTs) and a clarifier/sump area, which was found to contain high levels of total recoverable petroleum hydrocarbons (TRPH) and metals. Remedial action for the site was conducted, involving soil excavation and transport offsite for disposal. A total of 5 USTs was removed from the site along with approximately 3,600 cubic yards of contaminated soil. Confirmation soil sampling indicated that the remaining soil meets and exceeds the clean-up levels required by the Los Angeles County Department of Health Services (LACDHS) and the site is considered to have been adequately remediated by soil excavation.

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 flood 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. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design:

    - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.

    - Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).

    - Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.

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:

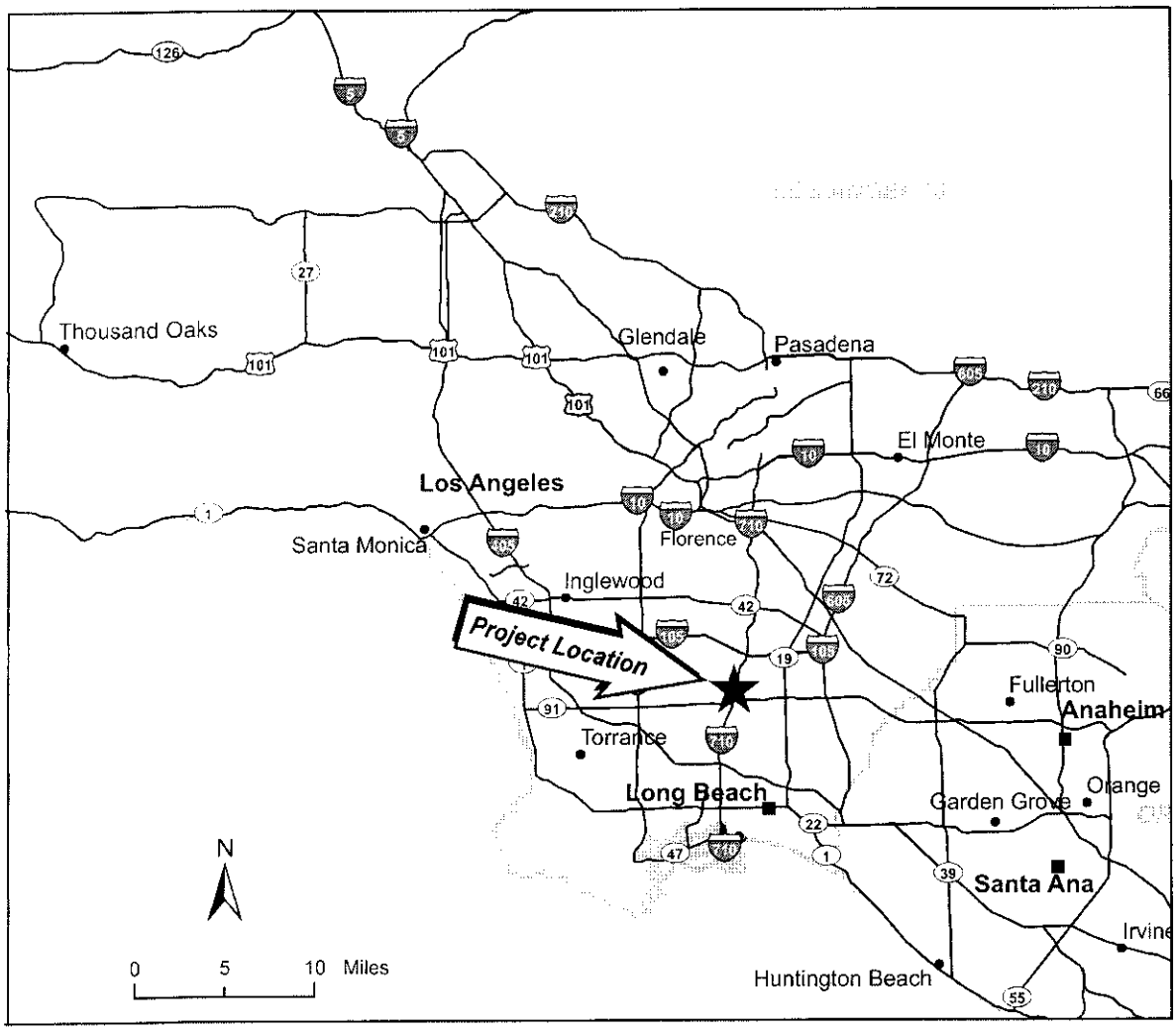
    - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

    - 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 Los Angeles 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.

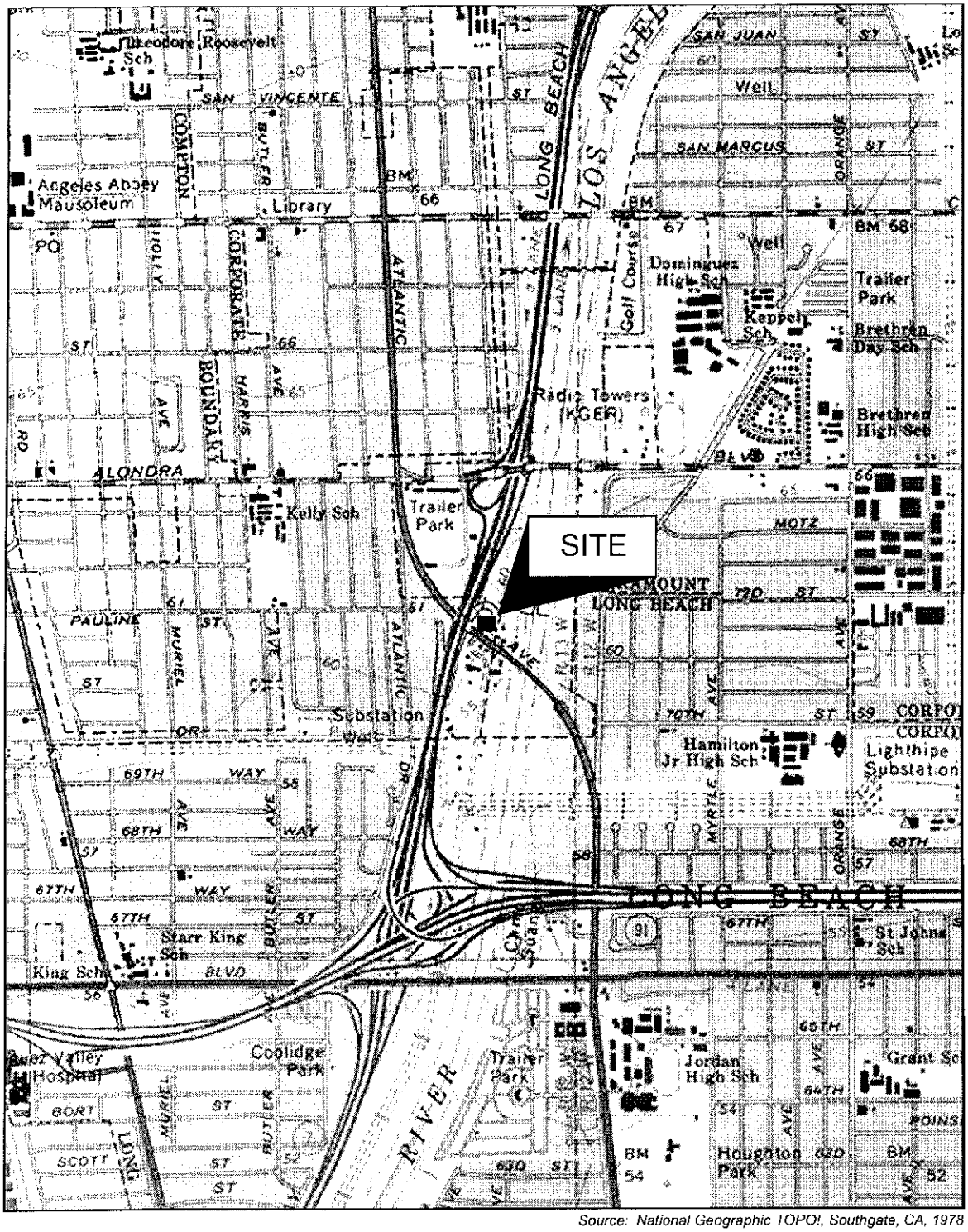
Prepared by:	Meighan Jackson, MESM	**Title:**	Associate Planner/Biologist
Date:	March 23, 2004		
Concurred in:	Donald Dean	**Title:**	Environmental Officer, Community Development Commission of the County of Los Angeles
Date:	March 23, 2004		



Regional Location

Figure 1

LACDC



Source: National Geographic TOPO!, Southgate, CA, 1978

N

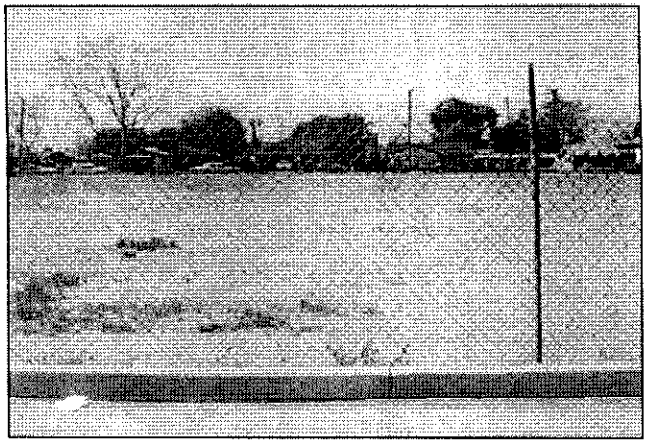
0 1000 2000

Scale in Feet

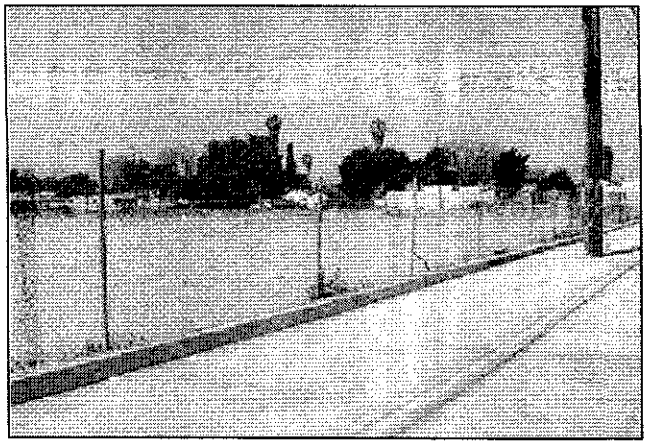
Project Vicinity

Figure 2

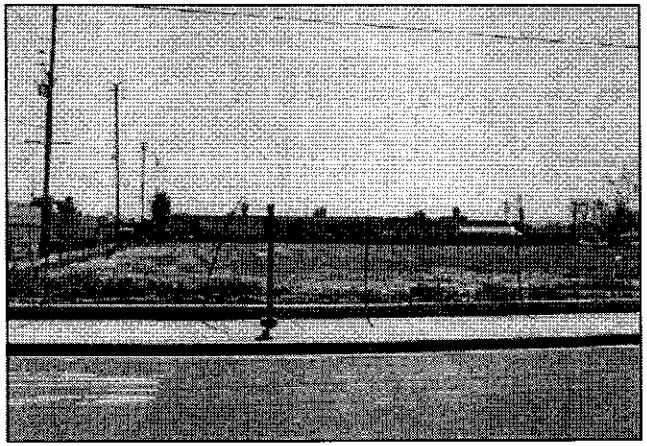
LACDC



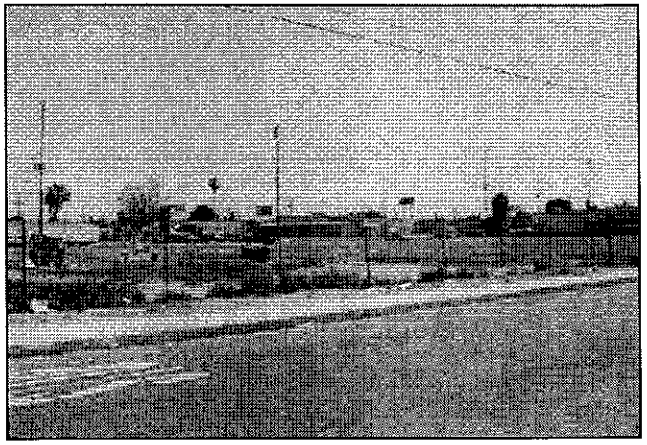
West-facing view from Atlantic Ave. of the lot at 15711 through 115811 S Atlantic Avenue, where the proposed project is to be built, March 11, 2004.



Northwest-facing view from Atlantic Ave. of the lot at the proposed project site, March 11, 2004.



South-facing view from Linsley St. of the lot at the proposed project site, March 11, 2004.



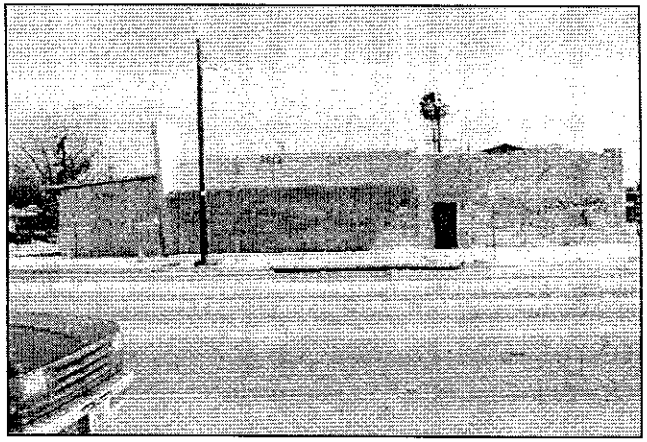
Southeast-facing view from Washington Ave. of the lot at the proposed project site, March 11, 2004.

Views of the Project Site

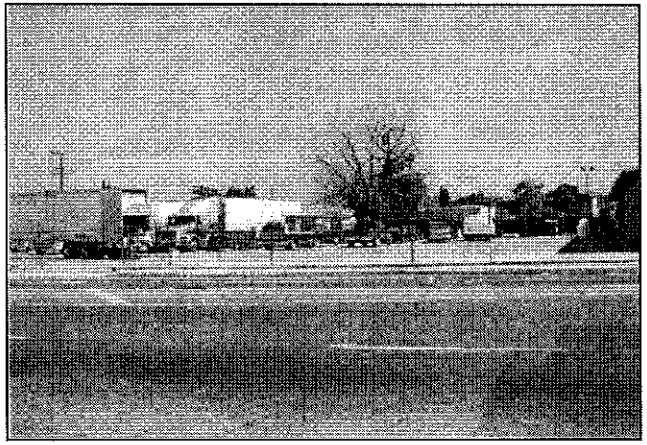
Figure 3a

LACDC

Northwest-facing view from Atlantic Ave. of the auto repair shop to the south the proposed project site, March 11, 2004.



East-facing view across Atlantic Ave. of the commercial unit to the east of the proposed project site, March 11, 2004.



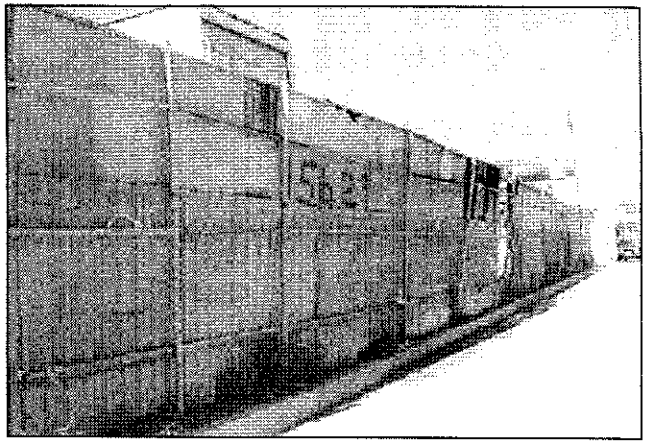
East-facing view across Atlantic Ave. of the parking lot for the commercial unit east of the proposed project site, March 11, 2004.

East-facing view across Atlantic Ave. of retail and office space to the east of the proposed project site, March 11, 2004.

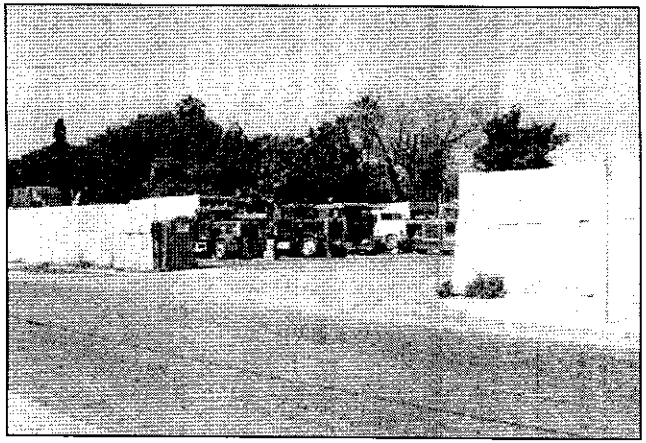
Views of the Project Site

Figure 3b

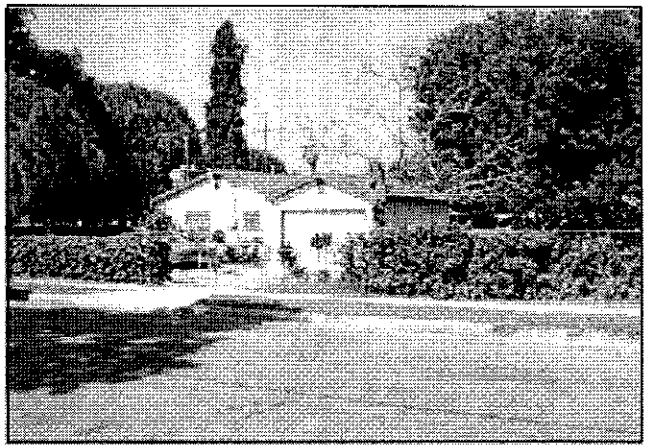
LACDC



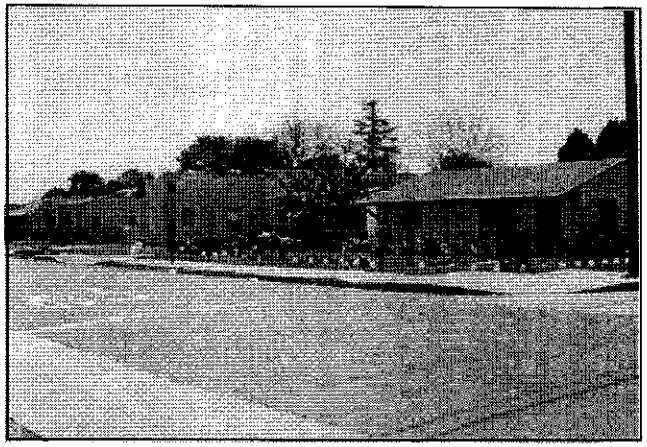
Northwest-facing view from Atlantic Ave. of the front of the truck lot yard to the north of the proposed project site, March 11, 2004.



Northwest-facing view across Linsley Street of the truck lot yard to the north of the proposed project site, March 11, 2004.



North-facing view across Linsley Street of single-family housing north of the proposed project site, March 11, 2004.



Southwest-facing view across Washington Ave. of single-family housing to the west of the proposed project site, March 11, 2004.

Views of the Project Site

Figure 3c

LACDC

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: 10 March 2004
Re: **Section 106 Evaluation, East Rancho Dominguez Mixed Use Housing Project**

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to construct up to 70 multi-family housing units along with a non-residential component consisting of retail and office space or community uses such as childcare or senior care. Up to five buildings will be constructed comprising approximately 90,000 square feet on a vacant 122,206 square foot site located on the west side of Atlantic Avenue between Linsley Street and Alondra Boulevard. Offsite improvements may include curbs, gutters, sidewalks, walkways and installation of utilities including sanitary and storm sewers.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself (APN 6181-027-901, 902, 903, 904, 905), the adjacent properties and the properties across Atlantic and Washington avenues and Linsley Street.

3. Description of Location of Undertaking

The project site contains eight contiguous vacant lots, consisting of approximately three acres, bounded on the east by Atlantic Avenue, on the west by Washington Avenue and on the north by Linsley Street, and on the south by commercial buildings in the unincorporated area referred to as East Rancho Dominguez and Compton in Los Angeles County. [Photo 1]

Adjacent to the project site on the south is a commercial strip mall from the 1980s. [Photo 2] Across Atlantic Avenue from the project site are scattered commercial buildings from the 1940s and later mixed with parking lots. [Photo 3]

Across Washington Avenue from the project site are primarily single family residences from the 1920s through the 1950s. [Photos 4-5] Across Linsley Street from the project site is a parking lot that appears to be used for truck storage. [Photo 6]

At the southeast corner of Atlantic Avenue and Alondra Boulevard is Dale's Donuts building. [Photo 7].

4. Historic Resources/National Register Determination

Historical Background

This block, bounded by Linsley Street, Atlantic Avenue, Washington Avenue and Alondra Blvd., is part of unincorporated East Rancho Dominguez and part of Compton. The earliest aerial photographs show this site originally was farmland that by 1938 was beginning to be developed with small residences or commercial buildings. Single family houses along the west side of Washington Avenue started development in the 1920s. Some of these houses remain today. In 1946 a large motel was constructed in the northernmost portion of the project site facing Atlantic Avenue with commercial buildings in the central and southwestern portion of the block. By 1997 the project site is vacant.

Physical Description

There are no buildings on the project site. Adjacent to the project site on the south is a strip mall

constructed in 1987. Across Linsley Street from the project site is a truck parking and storage area. The only historic resources within the APE are single family residences constructed in the 1920s located along Washington Avenue across from the project site. There are also some scattered commercial buildings from the 1940s or later across Atlantic Avenue from the project site.

Just outside the APE at the southeast corner of Atlantic Avenue and Alondra Boulevard is Dale's Donuts building, an excellent example of programatic architecture from the late forties or early fifties. In the case of this building, the sign is programatic, reflecting what it sells, the giant donut. This building may be eligible for listing on the National Register, but will not be addressed in this report because it is outside the area of the APE and will not be impacted by any proposed development.

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 buildings within the APE meet the fifty year requirement for National Register eligibility. They do not appear to be associated with an event that has made a significant contribution to the history of Compton and East Rancho Dominguez (Criterion A).

They do not appear to be associated with the lives of any person significant in our past (Criterion B). They do not embody the distinctive characteristics of a type or method of construction (Criterion C). The residences are fairly common examples of 1920s period revival styles. Some of the residences have also had changes to windows. The commercial buildings have been extensively altered and no longer retain their original design.

In conclusion, there are presently no known buildings within the APE that are listed or eligible for listing on the National Register of Historic Places.

5. Information from Local Organizations

No information was collected from local organizations.

6. Selected Sources

Block Environmental. "Phase I Environmental Site Assessment Report, South Atlantic Avenue, East Rancho Dominguez and Compton, California", September 25, 2003.

California Historical Landmarks, 1990

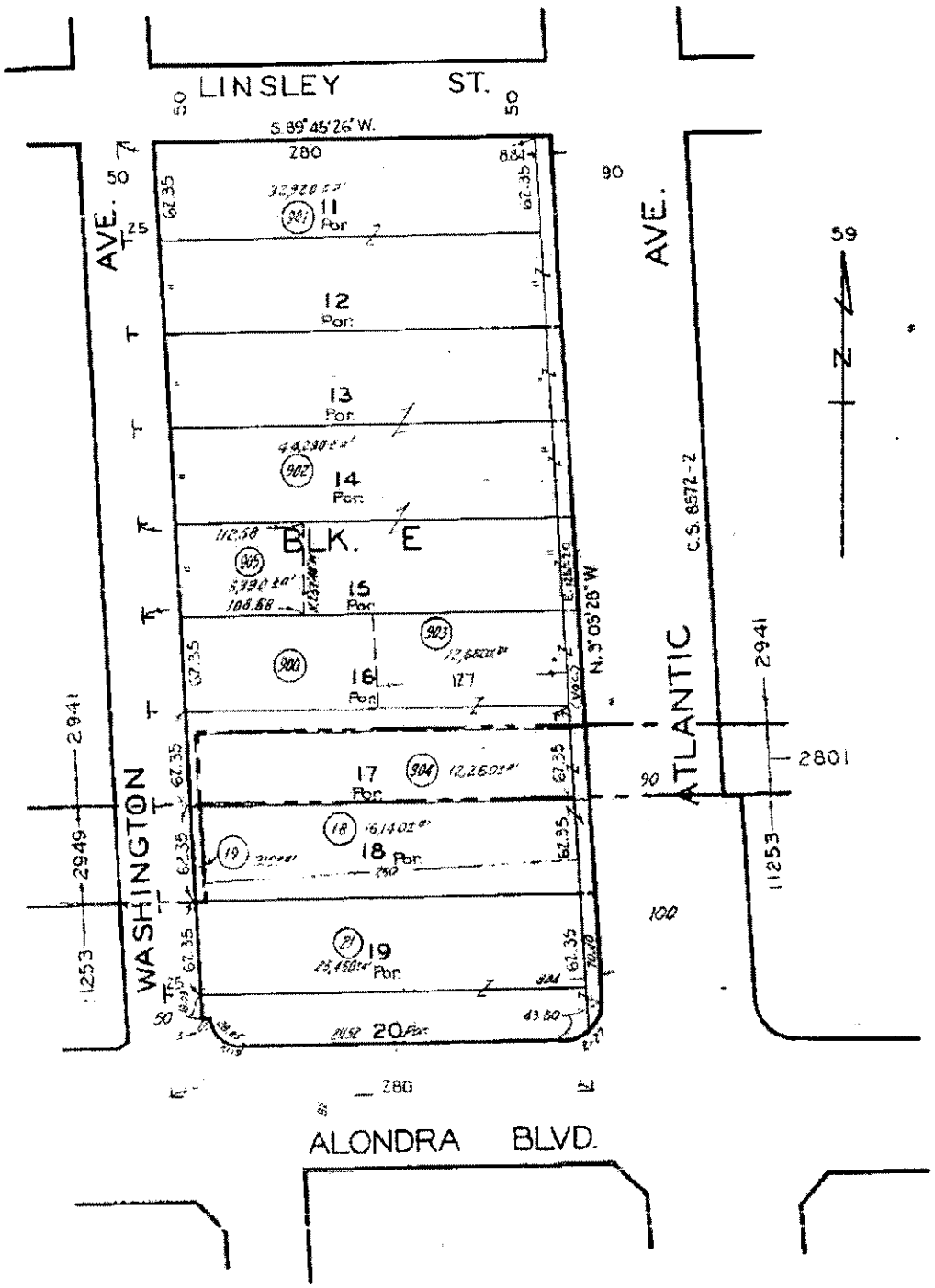
Dataquick Computerized Real Estate Information

Ethnic Survey, Los Angeles County entries.

Federal Register Listings through January, 2003

Gebhard, David and Winter, Robert, *Guide to Architecture in Los Angeles,* 1985.

Heimann, Jim and Georges, Rip. *California Crazy, Roadside Vernacular Architecture.* San Francisco: Chronicle Books, 1980.



SITE LOCATION
Source: Los Angeles County Assessors Maps, Book 6181, Page 27

PHOTO 1. Project site: corner of Linsley and Atlantic Bl., facing south (9 March 2004).

PHOTO 2. Alondra Ave. strip mall adjacent to project site, facing west (9 March 2004).

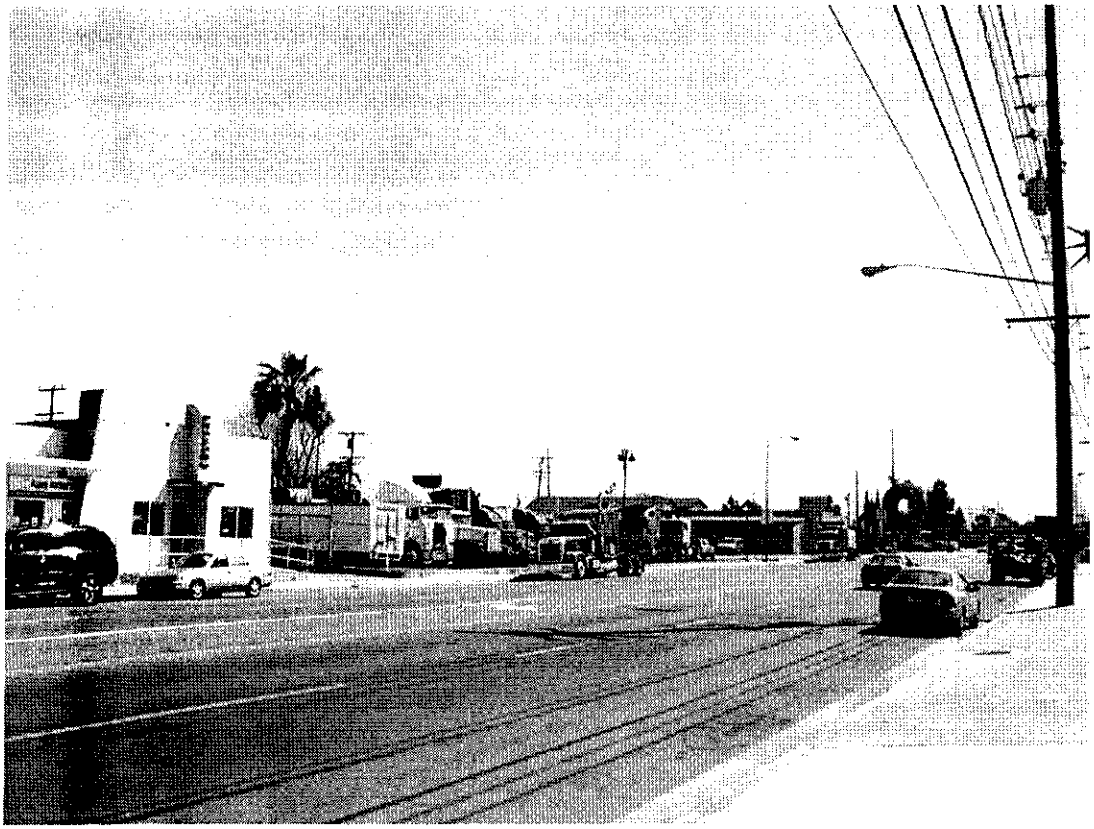


PHOTO 3. View looking south on Atlantic Bl. from project site. (9 March 2004).

PHOTO 4. View looking west from project site across Washington Ave. (9 March 2004).

PHOTO 5. View looking west across Washington Ave. from project site (9 March 2004).

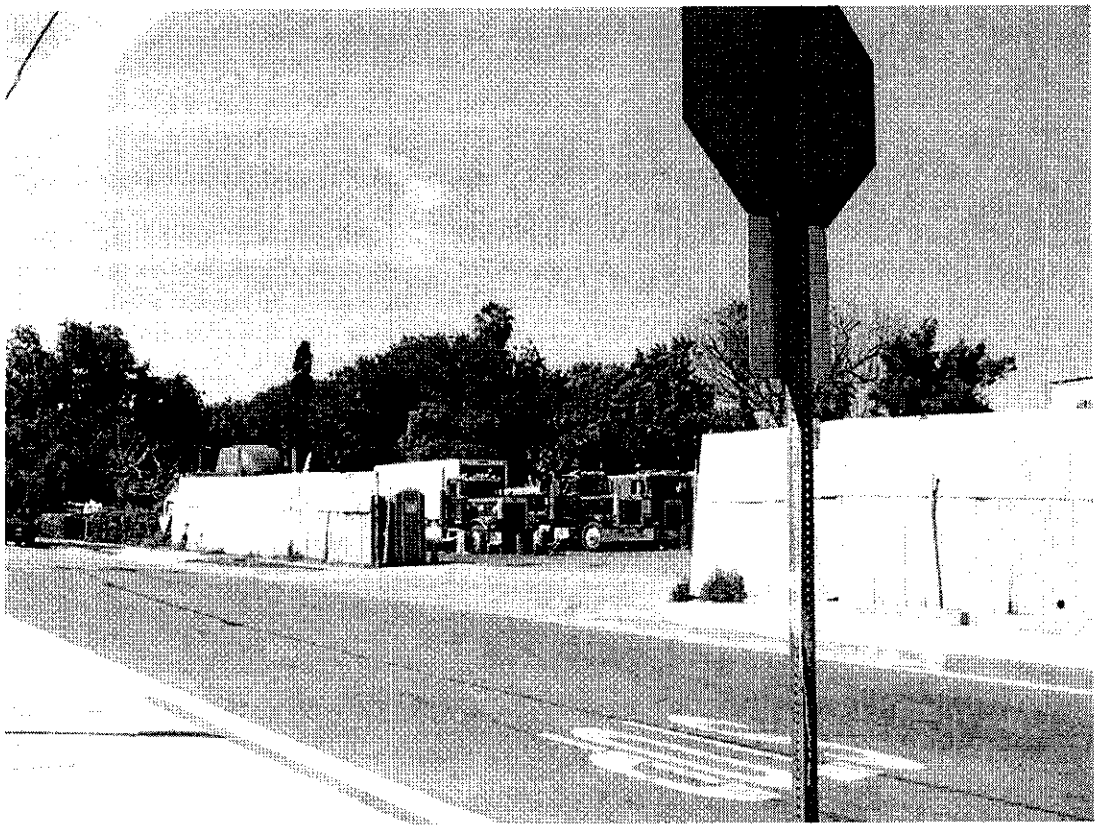
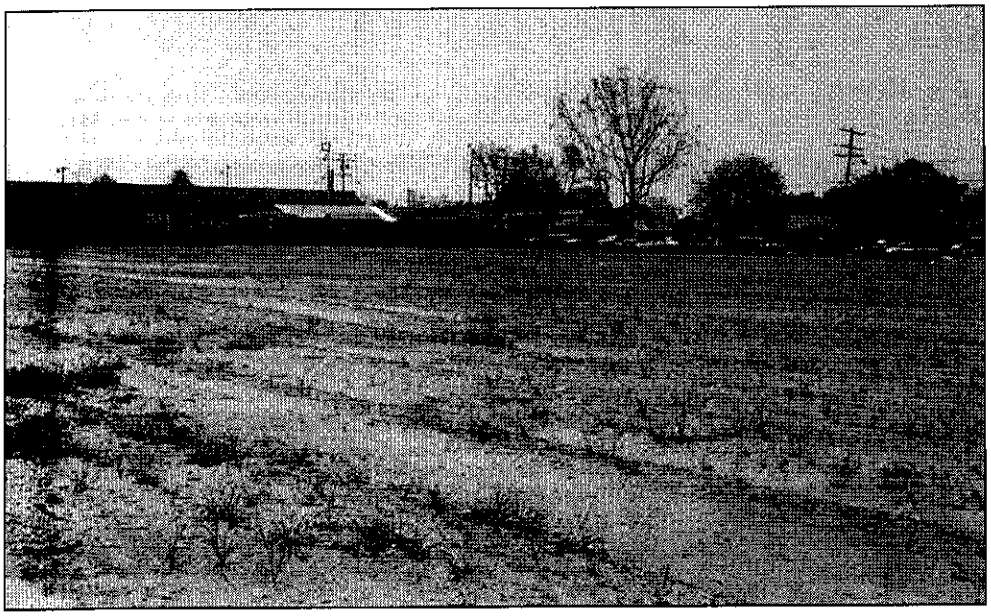


PHOTO 6. View looking west across Linsley St. from project site (9 March 2004).

PHOTO 7. View looking southeast across Alondra Blvd. and Atlantic Ave. (9 March 2004).



PHASE 1 ARCHAEOLOGICAL INVESTIGATION OF 2.8 ACRES FOR THE EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT 15711, 15715, 15803 & 15811 SOUTH ATLANTIC AVENUE 15728 & 15802 SOUTH WASHINGTON BOULEVARD EAST RANCHO DOMINGUEZ & COMPTON LOS ANGELES COUNTY, CALIFORNIA (USGS 7.5' South Gate)

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. 04-204
March 15, 2004

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name/No.:	**Location:**	**Thomas Bro.**	**Assessor Parcel Nos.**	**CDC Contact:**
East Rancho Dominguez Mixed Use Housing Project	15711, 15715, 15803 & 15811 South Atlantic Ave., 15728 & 15802 South Washington Blvd., East Rancho Dominguez and Compton, Los Angeles County	**Grid:** Pg.735/D5	6181-027-901, -902, -903, -904 & -905	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 the East Rancho Dominguez Mixed Use Housing Project. Federal funds will be used in the construction of up to 70 affordable multi-family housing units along with a non-residential component consisting of retail and office space or community uses such as childcare or senior care on a vacant 122,206 square foot site located at 15711, 15715, 15803 & 15811 South Atlantic Avenue and 15728 & 15802 South Washington Boulevard in East Rancho Dominguez and Compton, Los Angeles County (Exhibits 1, 2 & 3). Off-site improvements may include curbs, gutters, sidewalks, walkways, and installation of utilities including sanitary and storm sewers.

This archaeological study was undertaken in compliance with the National Historic Preservation Act (NHPA), the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). This study also meets the cultural resource guidelines, policies and procedures as established by the United States Department of Housing and Urban Development (HUD), and the Los Angeles County Planning Department.

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results, field survey findings and extent of past ground disturbances, no impacts to archaeological resources are anticipated from development of the East Rancho Dominguez Mixed Use Housing Project. Therefore, no further archaeological investigations are warranted prior to project approval. In the event that prehistoric or historic materials are exposed during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until an 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 2.8 acre area of potential effect (APE) includes Assessor Parcel Numbers 6181-027-901, -902, -903, -904 & -905. The APE is located northwest of Alondra Boulevard and Atlantic Avenue in an unincorporated area of Los Angels County, known as East

Rancho Dominguez and Compton. The APE is bordered by Linsley Street and residential properties to the north, Atlantic Avenue and commercial properties to the east, commercial properties to the south, and by Washington Boulevard and residential properties to the west.

The APE has been graded flat and has a gentle slope to the south. Elevation of the APE is approximately 63 feet above mean sea level. Project site soils consist of floodplain and river-channel sediments including coarse-grained alluvium with some silt, sand and gravel. The APE has been graded and vegetation is sparse. No stands of native vegetation occur on or adjacent to the APE. The Los Angeles River is located approximately 457 meters (1,500 ft.) east of the APE.

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 overview of aerial photographs of the APE is taken from Block Environmental's 2003 Phase I Environmental Site Assessment Report.

1938 - The northern third of the APE is farmland. Several small buildings are located in the central third of the APE, while the bottom third is vacant. Farm land with scattered residential housing surrounds the APE.

1954 - As many as nine building are present within the APE. The surrounding property to the north, south and west is farmland with scattered residential housing. An automobile sales lot is located to the east of the project site.

1963 - Land uses are similar to those described in the 1954 photograph.

1972 - As many as 14 buildings are within the APE. Six to seven residential buildings are located in the northwestern half of the APE. A motel is located in the northernmost parcel and five to six commercial buildings are located in the central and southwestern portions of the APE. Surrounding land use includes residential to the north and west, and commercial to the east and south.

1985 - Land uses are similar to those described in the 1972 photograph with the addition of

one more structure within the APE.

1992 - Only four buildings are present within the APE, including one to two residential buildings in the northwestern half and one to two commercial buildings in the central-western portion. Surrounding land use is the same as in the 1972 photograph.

1997 - The APE is vacant and covered in grass/weeds. Adjacent land uses include residential and junkyard to the north, commercial to the east and south, and residential to the west.

No Sanborn Fire Insurance maps were found for the APE (Block 2003:9).

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle - Hollywood	March 15, 2004 Conducted by Mary Maki
National Register of Historic Places (NRHP)	National Park Service 2004
California Historic Landmarks	2004 Office of Historic Preservation California Dept. Parks and Recreation
California Points of Historical Interest	1992
California State Historic Resources Inventory	Updated quarterly 2004

Results:

No archaeological sites are recorded within a 0.5-mile radius of the APE. Seven archaeological surveys are recorded within a 0.5-mile radius of the APE, none of which included the APE.

The listings of the National Register of Historic Places (NRHP), California Historical Landmarks, and California Points of Historical Interest include no properties within or adjacent to the project APE (National Park Service 2004; Office of Historic Preservation 2004a & 1992). The California State Historic Resources Inventory lists no significant historical properties within or adjacent to the project APE (Office of Historic Preservation 2004b).

The 1925 USGS Clearwater Quadrangle shows no structures within the project area, but the surrounding streets are present.

Historian Judy Triem is in the process of conducting a Section 106 review of the project APE's built environment.

V. FIELD METHODS

The APE was surveyed by archaeologist Mary Maki, M.A. on March 15, 2004 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 15 years

archaeological experience in southern California.

Linear transects spaced three meters (10 feet) apart were used to survey the vacant APE. The APE was graded and had sparse weedy vegetation. Ground surface visibility was very good, except in the few areas where remnant patches of badly eroded asphalt remained. The ground surface throughout the APE appears to have been cut down at least 15 centimeters (6 in.).

A Washington Boulevard resident stated that a church, a wrecking yard, a single-family home with a pool, a motorcycle shop, a junkyard, and a motel once stood within the APE. Since the demolition of those structures, the property has been used for parking trucks and crushing rocks.

No evidence of prehistoric or historic archaeological resources was observed within the APE. A small amount of modern, roadside trash is scattered throughout the APE.

VI. REMARKS

Based on the SCCIC record search results, field survey findings and extent of past ground disturbances, the proposed project is expected to have no impact on archaeological resources. No further archaeological investigation is warranted prior to project approval. 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. If archaeological resources are exposed during project construction, all earth disturbing work within 50 meters (164 ft.) 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:** March 16, 2004

VIII. MAPS

Project Vicinity ☒ USGS 7.5' South Gate, California Quad ☒ Archaeological APE ☒

IX. PHOTOGRAPHS

Yes ☒ **No** ☐ **Attached Yes** ☒ **No** ☐ (See Title Page)

X. CITATIONS

Block Environmental

2003 Phase I Environmental Site Assessment Report, 15711, 15715, 15803, and 15811 South Atlantic Avenue and 15728 and 15802 South Washington Boulevard, East Rancho Dominguez and Compton, California. Prepared for Community Development Commission of the County of Los Angeles.

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.

Los Angeles County Assessor

2004 http://assessormap.lacountyassessor.com/mapping/viewer.asp

McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles*. Malki Museum Press, Morongo Indian Reservation, Banning, California.

National Park Service

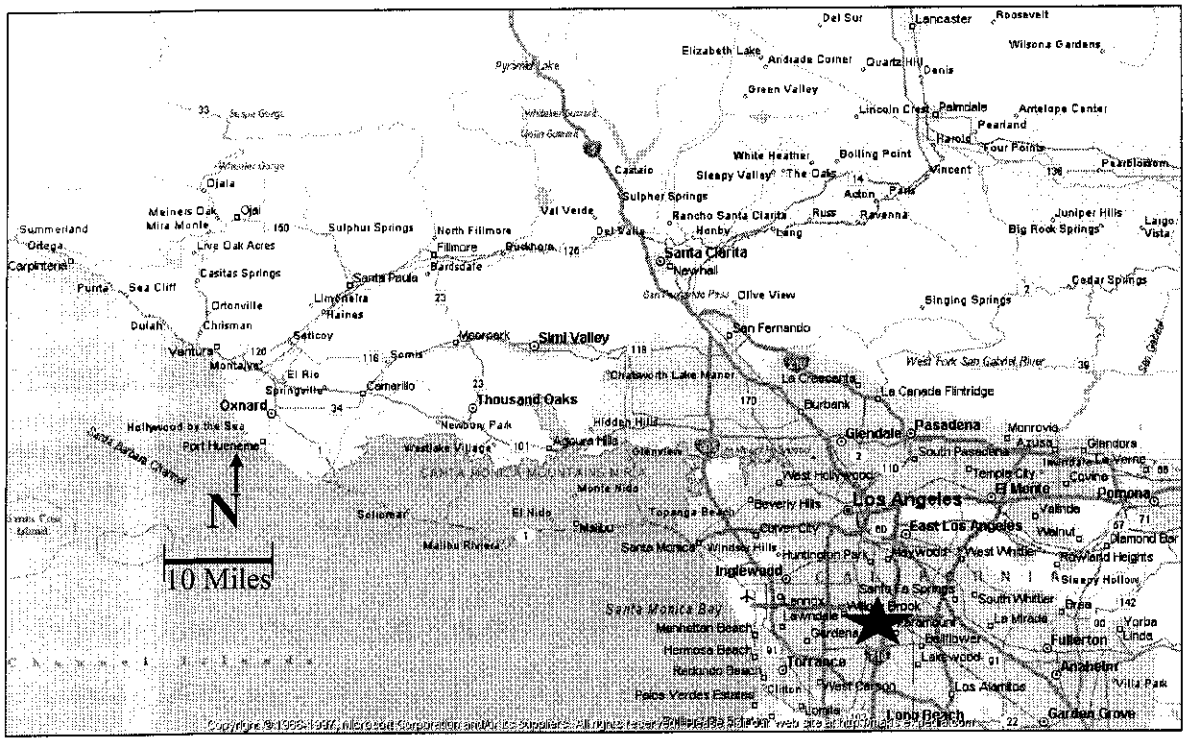
2004 National Register of Historic Places. http://www.cr.nps.gov/nr/research/nris.htm. Department of the Interior.

Office of Historic Preservation

2004a California Historical Landmarks. http://ceres.ca.gov/geo_area/counties/LosAngeles/landmarks.html. Department of Parks and Recreation, Sacramento, California.

2004b 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.

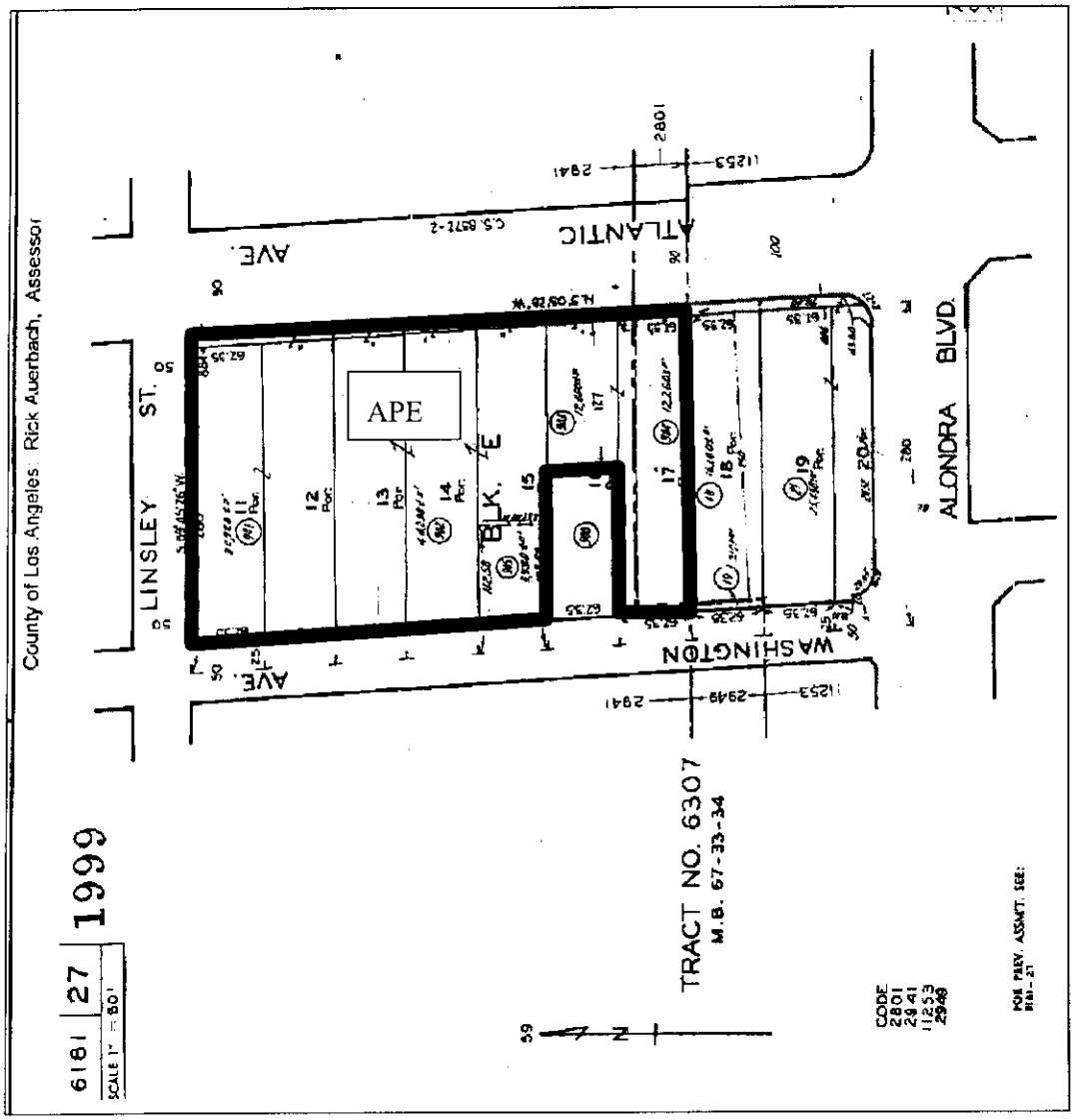


PROJECT VICINITY MAP

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 1



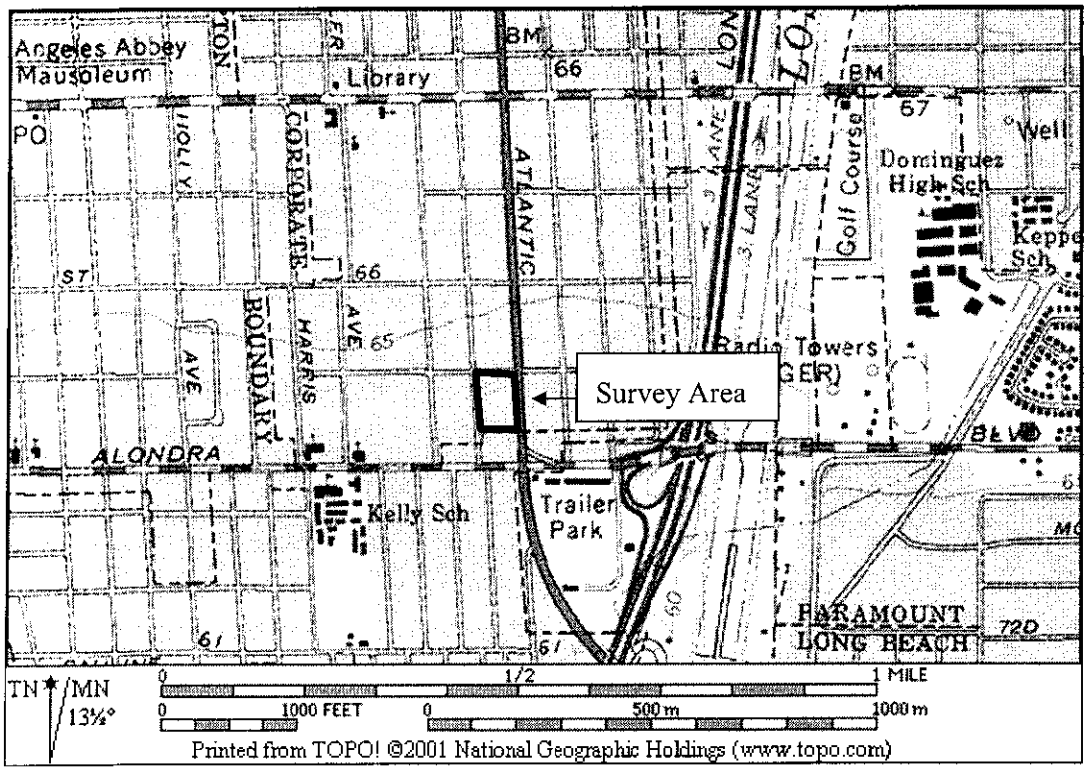
Source: Los Angeles County Assessor - http://assessormap.lacountyassessor.com/mapping/viewer.asp

AREA OF POTENTIAL EFFECT

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 2



USGS 7.5' South Gate Quadrangle 1964, photorevised 1981

CULTURAL RESOURCES SURVEY AREA

EAST RANCHO DOMINGUEZ MIXED USE HOUSING PROJECT

15711, 15715, 15803 & 15811 South Atlantic Ave.
& 15728 & 15802 South Washington Blvd.
East Rancho Dominguez and Compton, Los Angeles County, California

Exhibit 3

Mitigation Monitoring Plan
Casa Dominguez 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. 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.	Landscape Architect Architect/Contractor	Community Development Commission Community Development Commission	Design/Operation Construction
Noise. In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in the project design: •Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed. • Windows and sliding glass doors facing east to Atlantic Avenue and the 710 Freeway shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications). • Exterior doors facing east to Atlantic Avenue and the 710 Freeway shall be solid-core with perimeter weather stripping and threshold seals.	Architect/Contractor Contractor Contractor	Community Development Commission Community Development Commission Community Development Commission	Construction Construction 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