COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

April 10, 2007

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

Dear Commissioners:

APPROVE A COMMUNITY DEVELOPMENT BLOCK GRANT FLOAT LOAN BETWEEN THE COUNTY OF LOS ANGELES AND THE COMMUNITY DEVELOPMENT COMMISSION (ALL DISTRICTS)
(3 Vote)

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

1. Approve a 30-month Community Development Block Grant (CDBG) Float Loan Agreement, with the County of Los Angeles, in an amount up to $2,400,000 in Countywide CDBG funds, to finance redevelopment activities in the West Altadena, East Rancho Dominguez, Maravilla, Willowbrook and Whiteside Redevelopment Project Areas (collectively, the Project Areas); and authorize the Executive Director to execute a Float Loan Agreement, presented in substantially final form, and all related documents, to be effective following approval as to form by County Counsel and execution by all parties.

2. Authorize the Executive Director to execute future amendments to the CDBG Float Loan Agreement and all related documents to modify loan terms and security structure, which do not increase the loan amount, following approval as to form by County Counsel.

3. Authorize the Executive Director to incorporate the above funds, as needed, into the Commission's Fiscal Year 2007-2008 budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a CDBG Float Loan between the County of Los Angeles and the Commission to finance redevelopment activities in the Project Areas.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Countywide CDBG funds from the County's CDBG Line of Credit, in the amount of up to $2,400,000, will be used to provide the Float Loan at a fixed interest rate of one percent per annum, with interest only payable semi-annually. The Commission may make principal payments during the term of the Float Loan with the outstanding balance payable at maturity. The Commission, on behalf of the County, will serve as administrator of the Float Loan proceeds.

Based on a 30-month term and a total draw of the loan proceeds, the Float Loan will generate up to $60,000 in interest, which will be returned to the Los Angeles Urban County CDBG program, as required by the U.S. Department of Housing and Urban Development (HUD). To pay the interest on the Float Loan, the Commission will make semi-annual payments through tax increment funds generated by the Project Areas. Repayment of the Float Loan principal will be made with tax increment funds from the Project Areas.

The Float Loan will be collateralized by a pledge of up to $2,400,000 of Commission general funds, with the County named as beneficiary. The pledge of Commission general funds ensures the repayment of the Float Loan and satisfies HUD requirements for collateral.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

This loan will be made under the County Float Loan Program, which finances activities that benefit low- and moderate-income persons, or eliminates slum and blighting conditions in the County. Funding is made from the County's available Line of Credit with HUD. The program is administered in accordance with federal guidelines, specifically 24 Code of Federal Regulations (CFR) 570.301 (b).

Float Loan proceeds will enable the financing of activities, such as property acquisition and staff and other costs, that are consistent with the Project Areas' Redevelopment Plans. Execution of the Float Loan will allow the Project Areas to incur debt, which is consistent with the California Health and Safety Code requirements for financing the activities of redevelopment agencies and utilizing tax increment funds in the Project Areas. All activities financed by Float Loan proceeds will comply with CDBG eligibility requirements.

On September 14, 2004, the Board of Supervisors and Commissioners approved a $1,500,000 Float Loan, with a maturity date of October 1, 2007, from the County's CDBG Line of Credit, to the Commission to finance redevelopment activities in West Altadena, East Rancho Dominguez, Maravilla and Willowbrook Redevelopment Project Areas. This Float Loan has approximately a remaining balance of $400,000, which is anticipated to be paid in full in July 2007, using tax increment funds. The Commission has been current throughout the term of this Float Loan with the scheduled interest payments, including the completion of elective principal payments.

It is also requested that the Executive Director of the Commission be authorized to execute all future administrative amendments to the CDBG Float Loan Agreement and all related documents to modify loan terms as well as security structure, as needed, which do not increase the Float Loan amount.

Maps of the West Altadena, East Rancho Dominguez, Maravilla, Willowbrook and Whiteside Redevelopment Project Areas are included as Attachment A.

The Float Loan, included as Attachment B, is presented in substantially final form and will be effective following approval as to form by County Counsel and execution by all parties.

Approval of the Float Loan is also being presented on the agenda of the Board of Supervisors.

ENVIRONMENTAL DOCUMENTATION:

The redevelopment activities financed under this Float Loan require environmental clearance on a project-by-project basis. Prior to funding any particular project, an Environmental Service Request (ESR) will be submitted to the Commission's Environmental Unit for review. Each project will receive an environmental clearance in accordance with California Environmental Quality Act (CEQA) Guidelines and National Environmental Policy Act (NEPA) regulations before proceeding with the project.

Should any project require a Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report, the Commission will present the environmental documentation to the Board for adoption of appropriate findings for each project.

IMPACT ON CURRENT PROGRAM:

This loan is consistent with the County Float Loan Program goal of financing activities that create or retain jobs, provide benefits to low- and moderate-income persons, or prevent or eliminate slum or blight.

Respectfully submitted,

CARLOS JACKSON
Executive Director

CJ:bj
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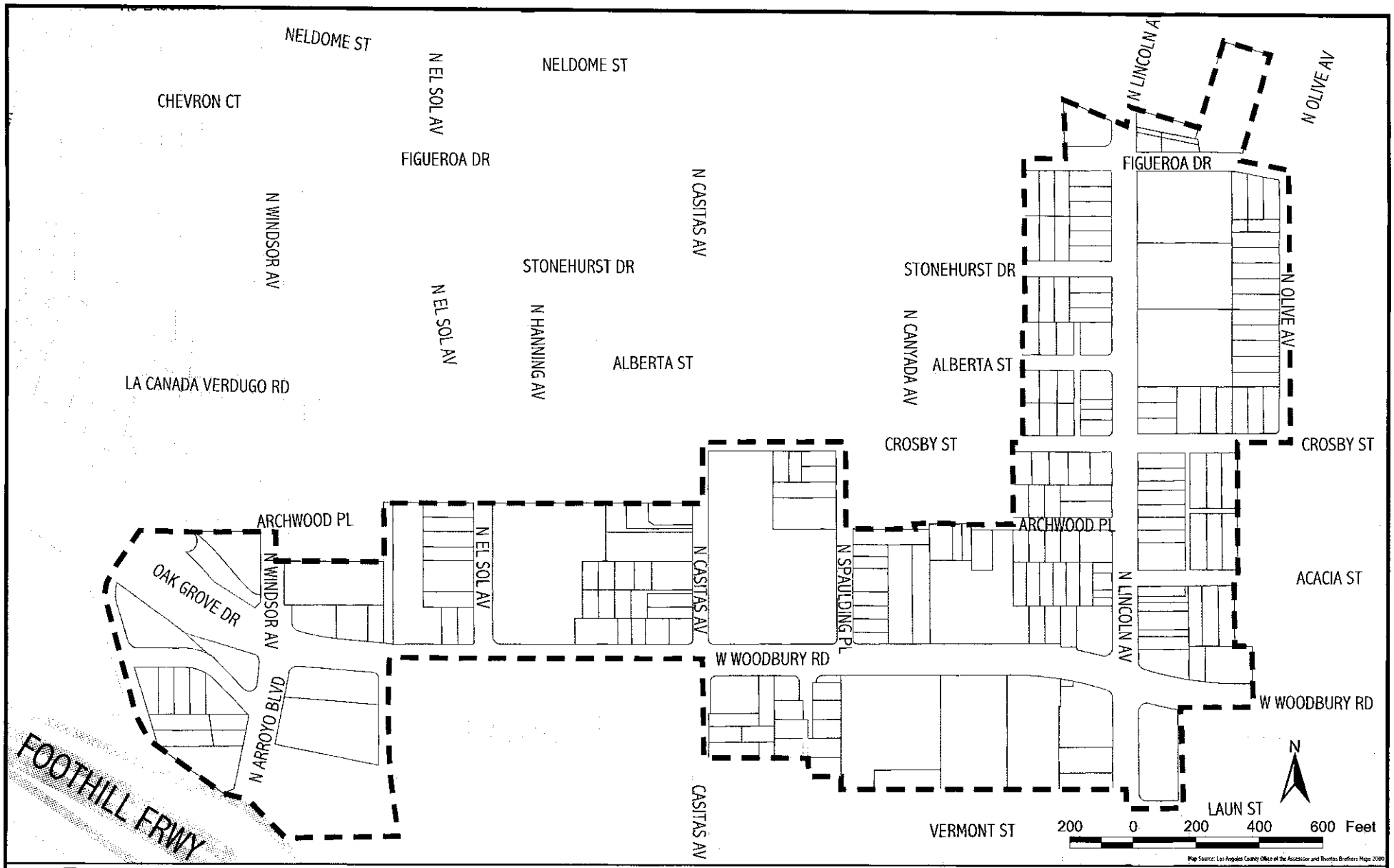
Attachments: 2

Attachment A:
Redevelopment Project Area Maps



Map Source: Los Angeles County Office of the Assessor and Thomas Brothers Maps 2000

Community Development Commission of the County of Los Angeles

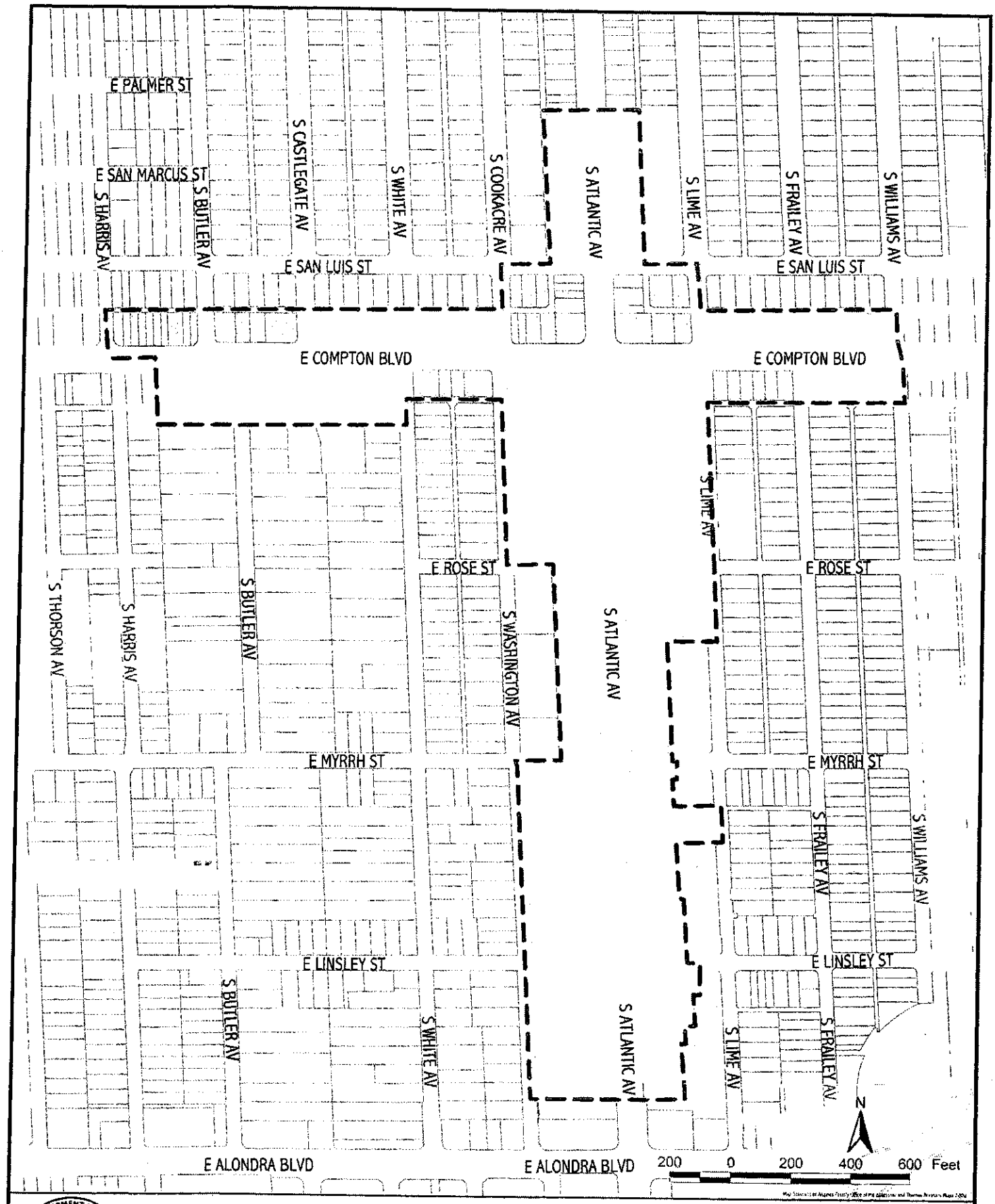
West Altadena
Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area



Community Development Commission of the County of Los Angeles

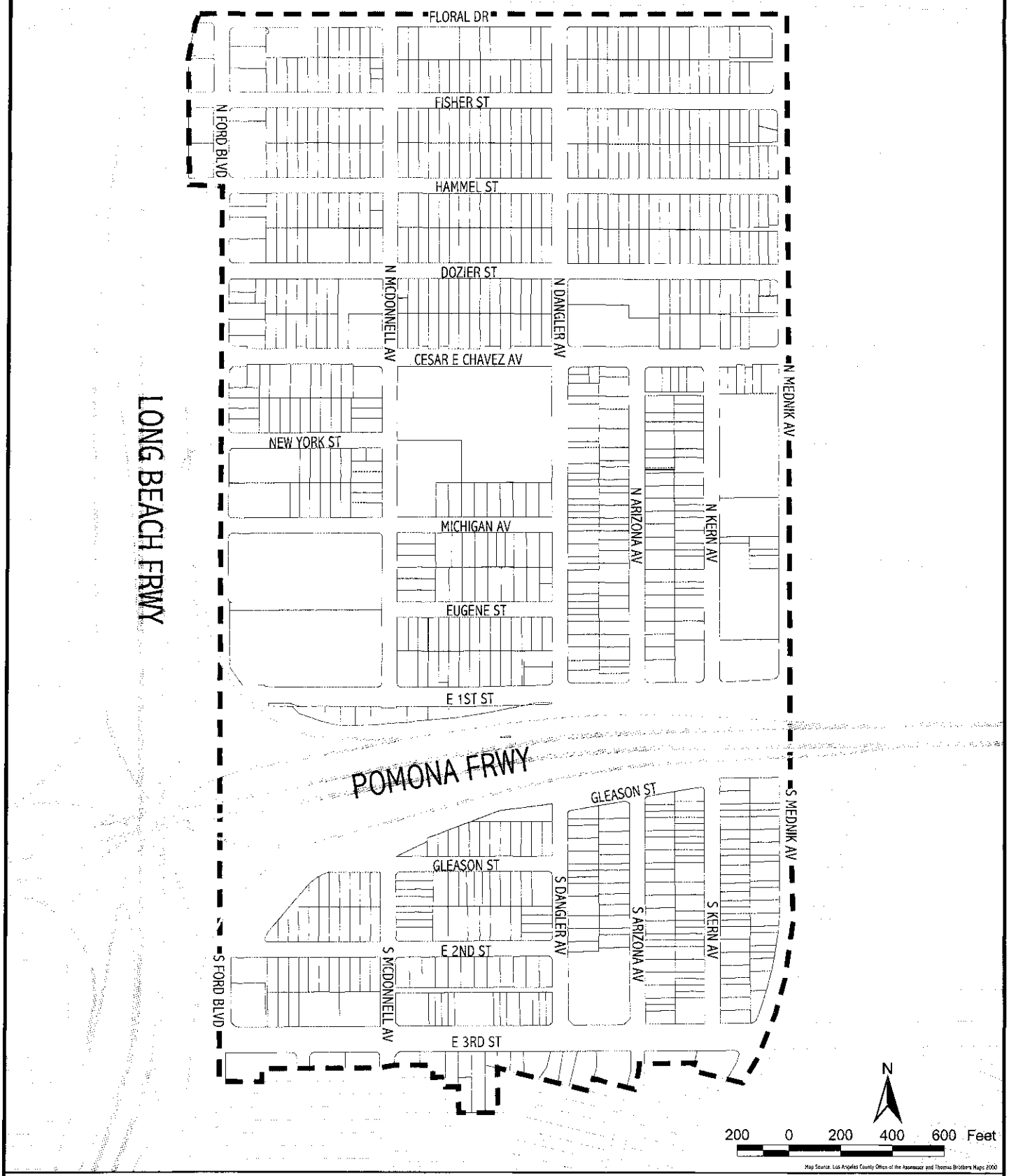
East Rancho Dominguez Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area



Community Development Commission of the County of Los Angeles

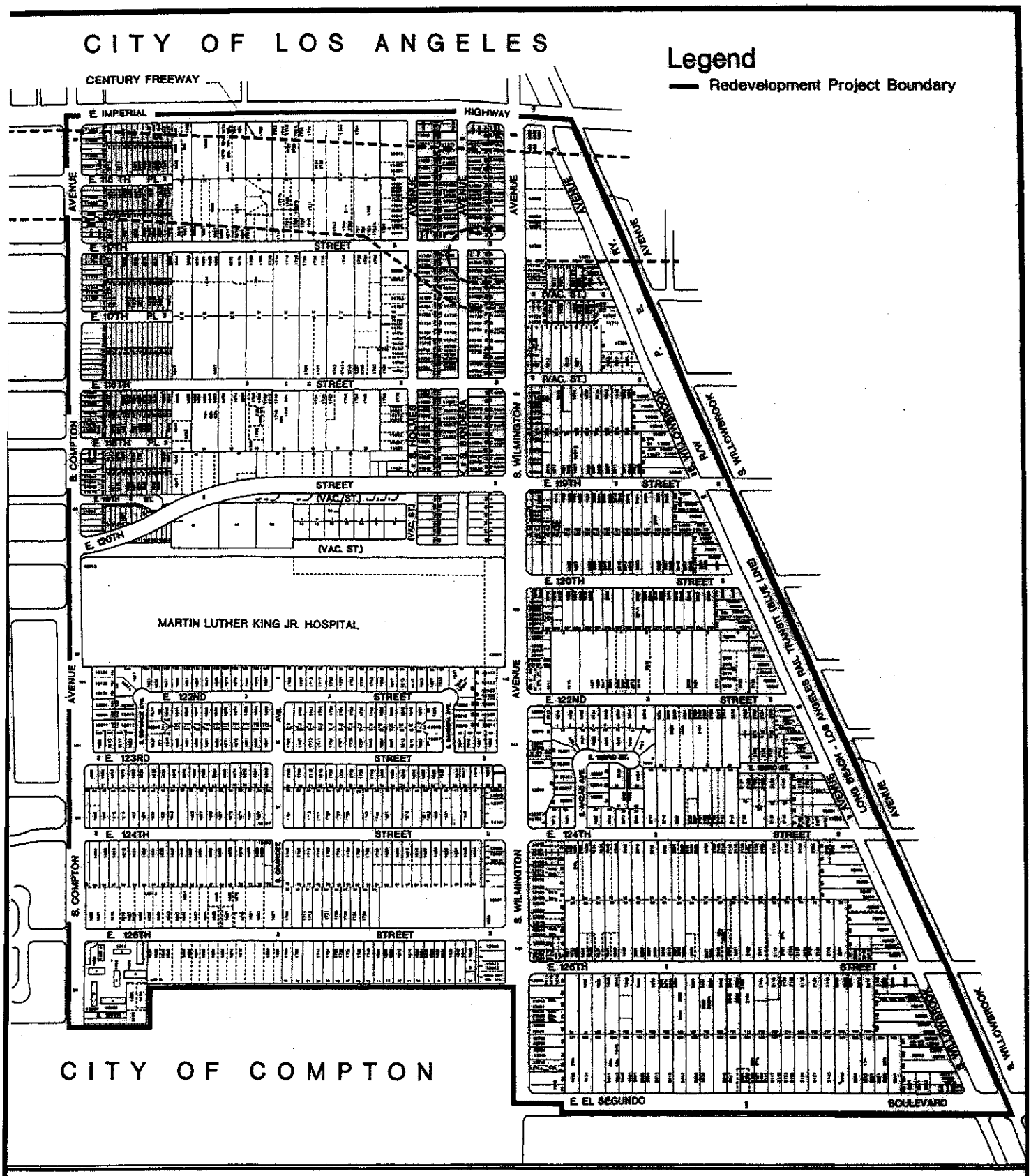
Maravilla
Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area

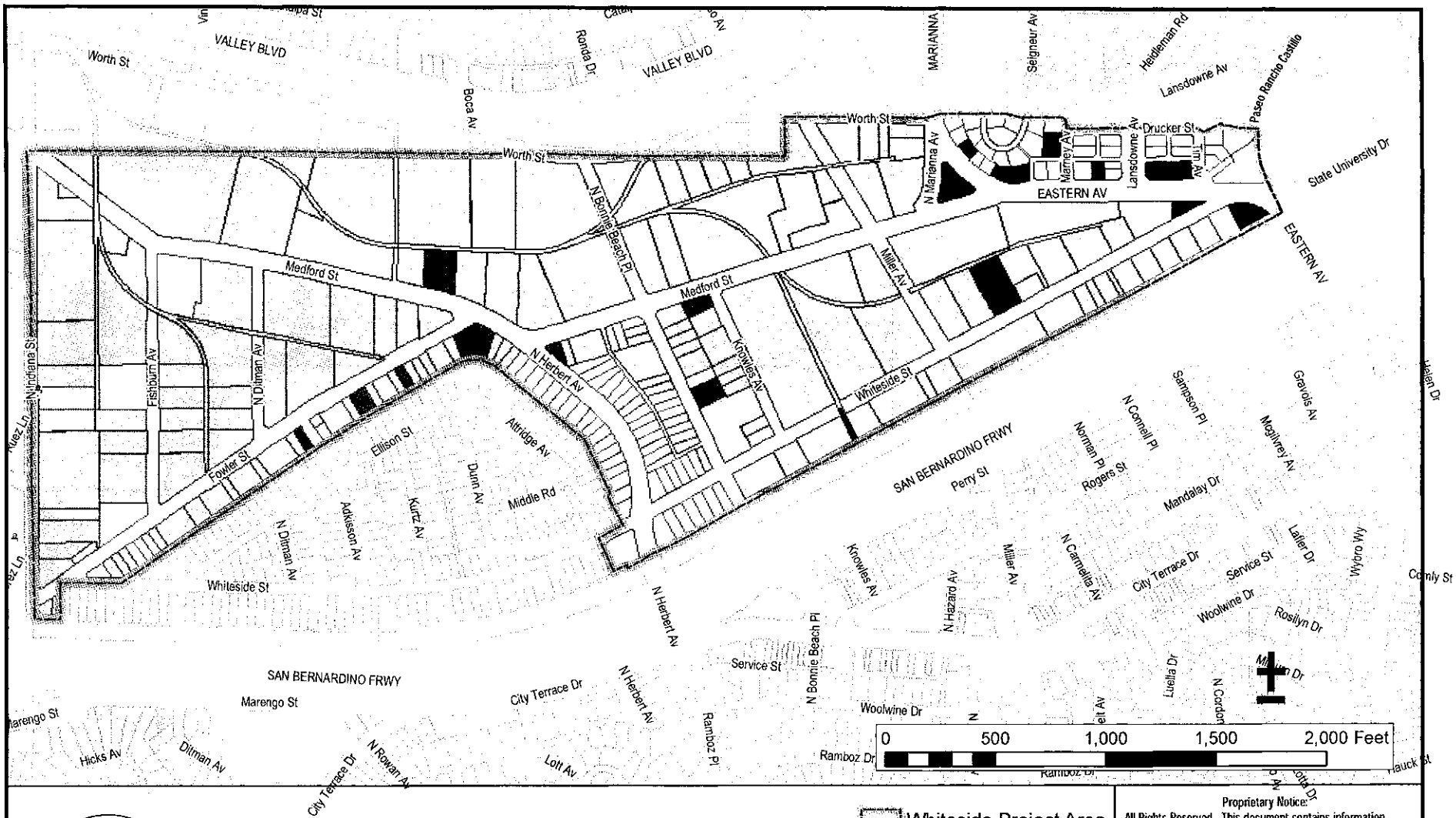


Second Supervisorial District—Los Angeles County

WILLOWBROOK

Community Redevelopment Project

Community Development Commission of the County of Los Angeles



Whiteside Project Area

Community Development Commission
of the County of Los Angeles

Whiteside Redevelopment Project Area

Proprietary Notice:
All Rights Reserved. This document contains information that is proprietary to the County of Los Angeles and its contributing cities and may not be used or reproduced except as specifically required by law or permitted by agreement.

Warning Notice:
Streets and parcel information is provided by the Office of the Los Angeles County Assessor, the Los Angeles County Department of Public Works and contributing cities. Los Angeles County nor the contributing cities assume any liability for any errors or omissions in such information.

Attachment B:
Float Loan Agreement

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated for identification purposes only as of the _____day of March 2007 (the "Agreement") by and between the COUNTY OF LOS ANGELES, a public body corporate and politic (the "COUNTY") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, (the "Borrower"). The COUNTY and the Borrower individually are sometimes hereinafter referred to as a "Party" and collectively as the "Parties".

RECITALS

A. WHEREAS, the County of Los Angeles has entered into an agreement with the United States of America through its Department of Housing and Urban Development ("HUD") to execute a Community Development Block Grant ("CDBG") program pursuant to the Housing and Community Development Act of 1974, as amended (the "Act");

B. WHEREAS, Borrower desires to borrow up to the maximum principal amount of Two Million Four-Hundred Thousand Dollars ($2,400,000) (the "Loan") from the COUNTY for the purpose of obtaining financing for redevelopment activities (the "Project") to be utilized by Borrower for assistance in financing redevelopment activities at its redevelopment project areas (the "Site");

C. WHEREAS, the COUNTY desires to make the Loan to Borrower, on the terms and conditions set forth herein;

D. WHEREAS, the COUNTY has made a determination that the Project, or portions thereof, to which the proceeds of the Loan are to be applied pursuant to this Agreement is a CDBG eligible activity creating or retaining jobs, benefiting low- and moderate-income persons or preventing or eliminating slum or blight, and that the activity is necessary to further the purposes of the Act and that reasonable benefits will accrue to residents within the Los Angeles Urban County jurisdiction;

E. WHEREAS, the COUNTY has made a determination that the Loan is appropriate to carry out redevelopment activities; and

F. WHEREAS, Borrower has agreed to make an irrevocable Pledge of Collateral, described below, to secure repayment of the Loan by Borrower as provided herein.

NOW, THEREFORE, the Parties agree as follows:

1. LOAN BY THE COUNTY

The COUNTY agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to loan to Borrower, in one or more disbursements, up to the maximum sum of Two Million Four-Hundred Thousand Dollars ($2,400,000) to be used solely for the purposes described herein and so long as such purposes constitute CDBG eligible activities.

2. NOTE; INTEREST

Prior to any disbursement of any Loan proceeds to Borrower hereunder, Borrower shall execute and deliver to the COUNTY a Promissory Note (the "Note") in the form of Exhibit "A" attached hereto, which Note sets forth the interest rate, the date and other terms and conditions of the Loan. The Note shall be dated by Borrower as of the date of its execution and, upon receipt of the Note, the COUNTY shall insert the Maturity Date (as defined below) therein. The disbursed and unpaid amount of the Loan shall accrue interest as of the date on which Loan proceeds are first disbursed to Borrower by the COUNTY as provided herein (the "Initial Disbursement"), and ending (except as to interest at the "Default Rate", as defined in the Note) on that date which is thirty (30) months after the date of the Note (the "Maturity Date"), at the lesser of (a) the rate of one percent (1%) or (b) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law. Interest shall be computed on the basis of actual number of days and a 365-day year. Borrower shall pay interest in arrears commencing on the first day of the sixth month following the Initial Disbursement and continuing thereafter on the first day of each sixth month to and

including that month during which the Maturity Date occurs. On the Maturity Date, the entire unpaid principal balance of the Loan, plus all accrued and unpaid interest thereon, and any other amounts payable by Borrower under the terms of this Agreement and the Note shall be due and payable. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 below, shall be applied first toward costs of collection and late charges, if any, then toward accrued and unpaid interest and then toward the unpaid principal balance under the Note. As used herein, "Term" shall mean the period of time commencing with the date of the Note and terminating on the date when Borrower has repaid the entire outstanding principal balance and accrued interest on the Loan.

If a payment of interest not timely made remains overdue for a period of ten (10) days after the same becomes due and payable, Borrower, without notice or demand by the COUNTY or any other holder of the Note, shall pay a late charge in an amount equal to five percent (5%) of the delinquent interest owing (the "Late Charge"). Borrower agrees that an amount equal to the Late Charge is a reasonable estimate of the damage to the COUNTY or other holder of the Note in the event of late payment of interest due hereunder.

3. ACCELERATION

The entire principal balance of the Loan and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date; provided, however, that the entire principal balance of the Loan and all accrued and unpaid interest thereon shall, at the election of the COUNTY and upon notice to Borrower thereof (except no notice or election shall be required with respect to Non-Curable Defaults as defined in Sections 14(A)(1) through 14(A)(7) below), become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower, upon the occurrence of any Event of Default as set forth in Section 14.

4. LOAN REPAYMENT; VOLUNTARY PREPAYMENT; MANDATORY REPAYMENT

At any time after the disbursement of the Loan proceeds, Borrower may, subject to its compliance with the following procedure, voluntarily prepay all or a portion of the unpaid principal

amount of the Loan and any or all accrued interest thereon without penalty. In the event Borrower wishes to voluntarily prepay (a "Voluntary Prepayment") all or any portion of the unpaid principal amount of the Loan and accrued interest thereon, Borrower shall deliver to the COUNTY at least ten (10) days prior written notice (the "Prepayment Notice") of such election which Prepayment Notice shall identify (i) the date such prepayment is to occur (the "Prepayment Date"), (ii) the total principal to be paid, and (iii) the total accrued interest to be paid.

It is acknowledged by the Parties that the COUNTY may require prepayment (a "Mandatory Prepayment") (either in whole or in part) of the Loan at any time by delivery of written notice (the "Notice of Mandatory Prepayment") to Borrower. The Notice of Mandatory Prepayment shall set forth (i) the date such prepayment is to occur (the "Required Prepayment Date"), (ii) the total principal to be paid, and (iii) the total accrued interest to be paid. The Notice of Mandatory Prepayment shall be delivered to Borrower at least ten (10) days prior to the Required Prepayment Date.

The amount of principal and accrued interest set forth in the Prepayment Notice to be prepaid and the amount of principal and accrued interest set forth in the Notice of Mandatory Prepayment to be prepaid shall constitute an amount owing by Borrower to the COUNTY under this Agreement as of the Prepayment Date and the Required Prepayment Date, respectively.

The COUNTY shall be permitted, upon (i) the Maturity Date of the Loan, or (ii) the occurrence of any Event of Default as set forth in Section 14 and Borrower's failure to timely cure such Default after delivery of notice to Borrower as specified therein (except with respect to Non-Curable Defaults as defined in Sections 14 (A) (1) through 14 (A) (6) below in which case no notice is required), to draw on the irrevocable Pledge of Collateral (as defined below) the total outstanding principal, accrued and unpaid interest and other amounts owing under the Loan as of the date such draw plus, at the COUNTY's option, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy (as defined herein below) occurring with respect to Borrower. As used herein, the term "Act of Bankruptcy" means the filing of a voluntary petition in

bankruptcy under the United States Bankruptcy Code or an adjudication pursuant to an involuntary proceeding under the United States Bankruptcy Code.

The COUNTY shall be permitted, upon (i) any Prepayment Date, and/or (ii) any Required Prepayment Date, to draw on the Pledge of Collateral the amount of any Voluntary Prepayment and/or any Mandatory Prepayment. In the event any such draw is for the entire outstanding principal and all accrued and unpaid interest due on the Loan as of the date of such draw, whether pursuant to a Voluntary Prepayment or a Mandatory Prepayment, the COUNTY shall be permitted to draw on the Pledge of Collateral the total outstanding principal, accrued and unpaid interest and other amounts owing under the Loan as of the date of such draw plus, at the COUNTY's option, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy occurring with respect to Borrower.

Provided that there are no other amounts owing the COUNTY after its draw on the Pledge of Collateral of the total outstanding principal, interest and other amounts owing under the Loan (and, if the COUNTY elects, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy occurring with respect to Borrower), the COUNTY shall return the Pledge of Collateral after its receipt of all funds in accordance with such draw.

Borrower hereby agrees and understands that any partial prepayment of the Note shall not relieve Borrower of the duty to comply with the terms and conditions set forth in the CDBG or the covenants described in Sections 9 and 10 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms.

5. SECURITY AND SOURCE OF PAYMENT

Payment of principal and interest on the Loan shall, at all times during the Term, be secured by a direct pay, irrevocable, unconditional and callable upon demand pledge of collateral (the "Pledge of Collateral"). The Pledge of Collateral will be in the form of U.S. Government Obligations, U.S.

Agency Bonds, state or municipal bonds (A or better), Bank of America time deposits or mutual funds composed of the aforementioned investment instruments whose value will be determined by the most recent closing price obtained from the Wall Street Journal. The Pledge of Collateral shall at all times be (i) in the amount no less than the then outstanding principal amount of the Loan plus the equivalent of three (3) months interest (computed at the rate in effect at the inception of the Loan) (hereinafter, the 'Required Amount"), (ii) in favor of the COUNTY, (iii) in the form attached hereto as Exhibit "B", and (iv) having an expiration date which is at least ninety (90) days after the Maturity Date of the Note.

Notwithstanding the satisfaction of all other conditions applicable to a distribution of Loan proceeds to Borrower under this Agreement, Borrower shall not be entitled to receive Loan proceeds to the extent such receipt would cause the amount of the Pledge of Collateral to be less than the Required Amount. To the extent Borrower wishes to receive such Loan proceeds, Borrower must have the Pledge of Collateral amended to an amount that is no less than the Required Amount.

6. CONDITIONS TO THE COUNTY FUNDING THE LOAN

The obligation of the COUNTY to make any disbursement of Loan proceeds under this Agreement shall be expressly subject to the following conditions:

A. The execution of this Agreement by the COUNTY and Borrower.

B. Acceptance by the COUNTY of the Pledge of Collateral Agreement in form and substance as provided in Exhibit "B" hereto or otherwise satisfactory to the COUNTY, in its sole discretion,

C. Receipt by the COUNTY of the executed Note.

D. Receipt by the COUNTY from the Borrower of such documents and certifications as are reasonably required by the COUNTY, in form and substance satisfactory to the COUNTY, evidencing (i) that this Agreement, the Note and all other documents given or executed in connection herewith are duly and validly executed by and on behalf of and constitute the valid and enforceable

obligation of the Borrower thereunder, pursuant to the respective terms of each of such documents, and (ii) that the execution and delivery of the Agreement, the Note and all other documents executed, or given hereunder or in connection herewith and the performance by the Borrower thereunder will not breach or violate any articles of incorporation, any by-law restriction, or any law or governmental regulation nor, to the best knowledge of Borrower and Borrower's members and officers, constitute a breach of or default under any instrument or agreement to which Borrower may be a party, and (iii) such other matters as are reasonably required by the COUNTY.

E. The availability to the COUNTY of allocated but undrawn CDBG funds in an amount sufficient to fund the respective disbursements of the Loan.

F. If necessary, receipt of environmental clearance for the Project.

G. No uncured Event of Default shall have occurred.

H. Borrower shall have provided to the COUNTY a disbursement request, in the form and manner, with the accompanying documentation, as is specified by Section 15 of this Agreement.

I. Borrower shall have provided to the COUNTY, in form satisfactory to the COUNTY, (i) certified copies of actions of the Community Development Commission approving, on behalf of Borrower, this Agreement and the other documents executed by Borrower in connection herewith, and (ii) a certificate of the Secretary or an Assistant Secretary of Borrower certifying the names and true signatures of the officers of Borrower authorized to sign this Agreement on behalf of Borrower, and the other documents to be delivered by it hereunder.

7. OBLIGATION OF BORROWER UNCONDITIONAL

The obligation of Borrower to repay the Loan and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on the Note shall have been fully paid, Borrower agrees that it:

A. Will use the Loan proceeds solely for the purposes set forth below in Section 8; and

B. Will not terminate or suspend any payments or obligations under this Agreement, the Note, or the Pledge of Collateral or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Agreement or any document executed hereunder or in connection herewith.

8. PURPOSES OF LOAN

Borrower covenants to use the proceeds of the Loan solely for purposes of financing CDBG eligible activities and paying CDBG eligible costs necessary for the Project to be funded by the Loan. The Loan proceeds may not be used for, and Borrower hereby covenants that it shall not use such proceeds for, any ineligible purchases and expenditures as set forth in 24 CFR 570.207. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Agreement. As of the execution hereof, Borrower intends to use the Loan proceeds solely to provide financing for the Project. The purpose of the Loan is to assist in financing redevelopment activities at redevelopment project areas administered by the Borrower.

9. COVENANTS OF BORROWER

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

A. Compliance with Laws. Borrower shall, during the Term, comply with all applicable federal, state, and local laws, ordinances, regulations and directives as they pertain to the performance of this Agreement. This Agreement is subject to and incorporates the terms of the Act and 24 Code of Federal Regulations (CFR), Chapter V, Part 570, and all amendments or successor laws, regulations or guidelines thereto (collectively, the "Laws, Regulations and Guidelines"). Borrower understands that the Project, or that portion thereof funded by the Loan (in the event the entire Project is not funded by the Loan), must comply at all times during the Term with one or more of the three

broad national objectives set forth in 24 CFR 570.208 and Borrower covenants that it will cooperate with the COUNTY and HUD, as necessary, to maintain compliance therewith.

Borrower further understands and agrees that unless HUD has determined that the Project has received appropriate environmental review and clearance, no Loan proceeds shall be disbursed hereunder until compliance with environmental review and clearance procedures set forth at 24 CFR Part 58.

B. Affirmative Action. During the Term, Borrower shall take affirmative action to ensure that the Project shall provide equal employment and career advancement opportunities for minorities and women and, to the greatest extent feasible, to provide opportunities for training and employment of low and moderate income persons when-employed by Borrower. In furtherance of the foregoing, Borrower shall deliver to the COUNTY a list, acceptable to the COUNTY, setting forth affirmative steps taken by Borrower, or to be taken by Borrower to assure that minority business and women's business enterprises are offered–an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

Borrower shall deliver to the COUNTY semiannually, prior to January 31 and July 31 of each fiscal year, a report summarizing the nature of the businesses with which Borrower has entered into contracts and subcontracts in connection with the Project during the preceding six (6) month period ending December 31 or June 30, as applicable. The obligation of Borrower to deliver the report specified in this Section 9 B shall expire upon delivery of the report summarizing the last contracts and subcontracts entered into by Borrower in connection with the Project and to be paid in whole or in part with Loan proceeds.

C. Covenant to Perform Services. Borrower shall, during the Term, perform services consistent with the goals and objectives set forth in the Los Angeles Urban County Community Development Block Grant Statement of Objectives and Projected Use of Funds, as adopted during the Term by the Board of Supervisors of the County of Los Angeles, which Statement is incorporated herein by this reference.

D. Revenue Disclosures. Borrower shall make available for inspection and audit to the COUNTY's representatives, upon seventy-two (72) hours written request, at any reasonable time during the Term and for a period of five (5) years thereafter, at Borrower's offices, or, if requested by the COUNTY, at another location within Los Angeles County, all of the books and records of Borrower relating to the operation of the Project or this Agreement. All such books and records shall be maintained by Borrower. In the event any litigation, claim or audit is started before the expiration of the 5-year period, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved. The COUNTY agrees to maintain the confidentiality of all the information contained in the book and records of the Borrower, in accord with Agreement.

E. Other Reports. Upon seventy-two (72) hours written notice, at any reasonable time, Borrower shall prepare and submit to the COUNTY, in addition to the books and records described above, all additional reports and any financial, program progress, monitoring, evaluation or other reports required by HUD or the COUNTY or its representatives as they relate to the Project or this Agreement. Borrower shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of COUNTY representatives, may be relevant to a question of compliance with this Agreement or HUD directives, or with the effectiveness, legality and achievements of the CDBG Program as they relate to the Project or this Agreement. Borrower shall retain all existing records and data relating to the Project for a five (5) year period after the expiration of the Term. In the event any litigation, claims or audit is started before the expiration of said five (5) year period, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

F. Indemnification. Borrower agrees to and does hereby indemnify, defend and save harmless the COUNTY, its respective agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees of counsel acceptable to the COUNTY, and claims (collectively, "Claims) for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage, arising from or connected with the Project (except to the extent caused by the gross negligence or willful misconduct of the COUNTY or its employees), and including any workers' compensation suits, liability or expense arising from or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement.

G. Audit by State and Federal Agencies. Borrower agrees that in the event this Agreement or the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and the COUNTY, the full amount of the liability to the funding agency resulting from such inspections in the event such liability results from a failure by Borrower to satisfy applicable law or its obligations under this Agreement.

H. Program Evaluation and Review. Borrower shall, during regular business hours, allow COUNTY 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 and program participants, as reasonably required by the COUNTY during the Term.

I. Hazardous Materials. Borrower covenants and agrees that, during its ownership and/or occupancy of the Site, it shall not (i) knowingly deposit "Hazardous Materials" (as defined below) in, on or upon the Site, or (ii) knowingly permit the deposit of Hazardous Materials in, on or upon the Site, and Borrower hereby assumes any and all liability arising in connection with any such deposit of Hazardous Materials; provided, that this sentence shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Site so long as they are materials which are used in the normal course of business, and so long as such materials are used, stored and disposed of in accordance with all applicable governmental restrictions. Borrower agrees to indemnify, defend and hold the COUNTY harmless from and against any claims respecting the

presence of Hazardous Materials in, on or upon the Site to the extent such Hazardous Materials are brought thereon by or on behalf of Borrower, its employees, agents or contractors.

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

J. Insurance. Borrower shall procure and maintain at Borrower's expense and until such time as Borrower has repaid the entire outstanding principal balance and accrued interest on the Loan, the following insurance, for which the COUNTY shall be named as additional named insured, against claims for injuries to persons or damages to property which may arise from or in connection with the development and operation of the Project by the Borrower, and their agents, representatives, employees or subcontractors.

(1) 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.

(2) AUTOMOBILE LIABILITY: $1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(3) WORKERS' COMPENSATION as required by the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

(4) "ALL RISK" property insurance covering the full replacement value of all buildings and equipment of the Borrower. The COUNTY shall be named as an insured under a standard loss payable endorsement.

Any self-insurance program by Borrower or any self-insured retention must be separately approved by COUNTY.

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 COUNTY. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California which carriers shall have a rating of or equivalent to A: (VIII) by A.M. Best & Company. Any deviations from this rule shall require specific approval in writing.

Borrower shall furnish COUNTY with certificates of insurance and with original endorsements effecting 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. Borrower shall be permitted to satisfy the insurance requirements set forth in this Section 9 (J) pursuant to a blanket policy of insurance maintained by Borrower so long as the coverage under such blanket policy satisfies the coverage requirements specified hereinabove.

Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement by Borrower pursuant to which the COUNTY shall be entitled to all rights and remedies under this Agreement as specified in Sections 14 (B) and (C) below. No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the COUNTY or any other officer or agent of COUNTY designated in writing by the Executive Director.

K. County Lobbyist Ordinance. Borrower and each COUNTY lobbyist or COUNTY lobbyist firm ("Lobbyist") (as defined in Los Angeles County Code Section 2.160.010) shall fully comply with the requirements (the "COUNTY Lobbyist Requirements") as set forth in Los Angeles County Code Chapter 2.160 (County Ordinance 93-0031).

The Borrower shall certify in writing that it is familiar with the Los Angeles County Code Chapter 2.160 and that all persons acting on behalf of the Borrower will comply with the COUNTY Lobbyist Requirements.

Failure on the part of the Borrower and/or the Lobbyist to fully comply with the COUNTY Lobbyist Requirements shall constitute a material breach of this Agreement by the Borrower upon which the COUNTY may declare immediately due and payable all outstanding principal and all accrued and unpaid interest on the Loan. In addition, the Borrower may be subject to civil action.

L. Federal Lobbyist Requirements. The Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments and HUD's 24 Code of Federal Regulations (CFR) 87 (the "Federal Lobbyist Requirements"), 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.

M. Contractor's Warranty Of Adherence To County's Child Support Compliance Program. Borrower acknowledges that the COUNTY has established a goal of ensuring that all individuals who benefit financially from County or 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 County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) 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).

N. Termination For Breach Of Warranty To Maintain Compliance With County's Child Support Compliance Program. Failure of Borrower to maintain compliance with the requirements set forth in Paragraph M, "Contractor's Warranty of Adherence to County's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to COUNTY under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County District Attorney shall be grounds upon which the Board of Supervisors may terminate this Agreement as an event of default under Section 14 (A) (1).

O. Post Most Wanted Delinquent Parent 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 policy to voluntarily post a list entitled "L.A.'s Most Wanted: delinquent Parents" poster in a prominent position at Borrower's place of business. District Attorney will supply Borrower the poster to be used.

P. 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.

Q. Use Of Recycled-Content Paper Products. Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Borrower agrees to use recycled-content paper to the maximum extent possible in relation to its provision of service hereunder.

R. Other Requirements. Borrower shall, during the Term, comply with any other applicable requirements of a subrecipient of CDBG funds including without limitation compliance with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)), and any other applicable laws including any laws respecting relocation, displacement and federal labor standards requirements.

10. DISCRIMINATION

Borrower and the COUNTY agree that no person shall, on the grounds of race, sex, creed, color, religion, national origin, or age be excluded from participation in, be refused the benefits of, or otherwise be subjected to discrimination in any activities, programs, or employment supported by this Agreement. Borrower shall comply, with all applicable regulations set forth in 24 CFR 570.600-602, including without limitation, the requirement that Borrower comply with Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 1; Section 109 of the Act and the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and Executive Order 11246 and the regulations issued pursuant thereto (41 CFR Chapter 60), if applicable; and the requirements of the Americans With Disabilities Act (42 U.S.C. 12101-12213).

11. INDEPENDENT CONTRACTOR

In their performance of this Agreement, the Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other

Party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

12. ASSIGNMENT; ACCELERATION

So long as there is no Event of Default outstanding and provided Borrower obtains the prior express written consent of the COUNTY in each instance, such consent not to be unreasonably withheld, this Agreement and the rights and obligations of Borrower hereunder shall be assignable by Borrower. The refusal of the COUNTY to consent to any such proposed assignment shall be deemed to be reasonable if the COUNTY, in its sole but reasonable discretion, determines that the proposed assignee does not possess (i) adequate experience in operating a project of a nature similar to that of the Project contemplated by this Agreement, (ii) a high-quality reputation, or (iii) the financial capacity of assignee is inadequate to operate the Project. The COUNTY's consent to any such assignment of Borrower's rights and obligations under this Agreement shall be expressly conditioned upon and any such assignment shall not be effective unless and until (i) execution and delivery by the proposed assignee to the COUNTY of such documents as required by the COUNTY including, without limitation, any and all documents deemed necessary by the COUNTY to provide for said assignee's assumption of all of the obligations of Borrower hereunder, including without limitation all covenants of Borrower relating to the creation and retention of low and moderate income jobs in connection with the operation of the Project, (ii) the proposed assignee causes the issuance to the COUNTY of a Pledge of Collateral satisfying all of the requirements set forth in this Agreement. No approved assignment by Borrower hereunder shall in any way amend or modify the terms of this Agreement including specifically but without limitation the right of the COUNTY to require prepayment of all or any portion of the Loan at any time on no less than ten (10) days written notice as provided in Section 4 above.

Notwithstanding the current execution of any assignment documentation between Borrower and Assignee, the assignment to Assignee of Borrower's rights and obligations under this Agreement shall not be effective (and not recognized by the COUNTY) unless and until Assignee executes and

delivers to the COUNTY such documents as required by the COUNTY including, without limitation, any and all documents deemed necessary by the COUNTY to provide for the Assignee's assumption of all of the obligations of Borrower hereunder, including without limitation all covenants of Borrower relating to maintenance of the Pledge of Collateral and the creation and retention of low and moderate income jobs in connection with the operation of the Project. The assignment by Borrower to Assignee hereunder shall in no way constitute an amendment or modification of the terms of this Agreement or an amendment, modification, release, limitation, extension, waiver or delay of the COUNTY's rights under this Agreement including specifically but without limitation the COUNTY's rights and remedies respecting any Event of Default outstanding at the time of the effectiveness of such assignment and the right of the COUNTY to require prepayment of all or any portion of the Loan at any time or no less than ten (10) days written notice as provided in Section 4 above.

Notwithstanding anything which may be or appear to be herein to the contrary, no purported assignment of this Agreement shall be effective if such assignment would violate the terms, conditions and restrictions of the CDBG or any other Laws, Regulations and Guidelines applicable to this Agreement or such assignment.

Except as otherwise expressly permitted as provided hereinabove in this Section 12, any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the COUNTY as provided hereinabove, shall be null and void and shall constitute a material breach of this Agreement. In the event of a sale or transfer of Project (other than an encumbrance of the Site for security purposes) without an assignment of this Agreement approved in writing by the COUNTY, the COUNTY may, at its option, declare the entire principal balance of the Loan and all accrued and unpaid interest thereon immediately due and payable.

13. FISCAL LIMITATIONS

The United States of America through HUD, may in the future place programmatic or fiscal limitations on CDBG funds not presently anticipated. Accordingly, the COUNTY reserves the right

to revise this Agreement in order to take account of actions affecting HUD program funding. In the event of funding reduction, the COUNTY may reduce or eliminate the Loan in its entirety.

14. EVENTS OF DEFAULT AND REMEDIES

A. Events of Default. The occurrence of any of the following shall, after the giving of any notice described therein, constitute an event of default ("Event of Default") hereunder:

(1) The failure of Borrower to pay or perform any covenant or obligation hereunder or under the terms of this Agreement and/or the Note, without curing such failure within ten (10) days after receipt of written notice of such default from the COUNTY (or from any party authorized by the COUNTY to deliver such notice as identified by the COUNTY in writing to Borrower). Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a ten (10) day period, it shall be deemed cured if Borrower commences the cure within said ten (10) day period and diligently prosecutes such cure to completion thereafter. Further provided, that the herein described notice requirements and cure periods shall not apply to the following (hereinafter, "Non-Curable Defaults"): (i) a failure by the Borrower to honor any attempted draw on the Pledge of Collateral by the COUNTY made in accordance with the terms of this Agreement, or (ii) any Event of Default described in Sections 14 (A) (2) through 14 (A) (7) below;

(2) Any attempted assignment or transfer by Borrower not in compliance with Section 12 above;

(3) The falsity of any material representation or breach of any material warranty made by Borrower under the terms of this Agreement, the Note or any other document executed in connection herewith;

(4) A determination by the COUNTY or HUD that use of the Loan proceeds by Borrower does not constitute an eligible activity under the Act, 24 CFR 570.200 et seq., or other applicable regulations;

(5) Borrower shall either (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for any 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 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; or

(6) 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, 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 for 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.

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

(1) By notice to Borrower (unless an Event of Default is a Non-Curable Default as defined in Sections 14 (A) (1) through 14 (A) (6) above in which case no notice shall be required), declare the entire principal balance of the Loan then unpaid together with interest accrued thereon 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 and in the event of a failure by the Borrower to honor any attempted draw on the Pledge of Collateral by the COUNTY made in accordance with the terms of this Agreement in connection with such declaration, outstanding principal and (to the extent permitted by law) interest

shall thereafter bear interest ("Default Interest") at the annual rate of interest equal to the lesser of (i) four percent (4%) above the rate of interest announced from time to time by Wells Fargo Bank, Downtown Los Angeles Branch (or, in the event that said bank is acquired or ceases operations, then the successor bank or, if there is no successor bank, another established and financially secure institutional lender selected by the COUNTY), as its prime or reference rate, or (ii) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law, payable from the date of such declaration until paid in full;

(2) Take any and all actions at law or in equity as may appear necessary or desirable, in the sole discretion of the COUNTY, in order to collect the amounts then due and thereafter to become due hereunder and under the Note, 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;

(3) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute to enforce and collect upon the Note;

(4) Upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money under this Agreement, the COUNTY may, but shall not be obligated to, make such payment from Loan proceeds or other funds of the COUNTY. If such payment is made from proceeds of the Loan or other funds of the COUNTY, Borrower shall deposit with the COUNTY, upon written demand therefor, such sum plus interest at the Default Rate. In either case, the Event of Default with respect to which any such payment has been made by the COUNTY shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the Note; and/or

(5) Upon the occurrence of an Event of Default described in Section 14 (A) (5) or 14 (A) (6) hereof, the COUNTY 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 COUNTY and its counsel to protect the interests of the COUNTY 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 COUNTY is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the COUNTY 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 COUNTY. In order to entitle the COUNTY to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

15. DISBURSEMENT OF LOAN PROCEEDS

Loan proceeds shall be disbursed by wire transfer (pursuant to wiring instructions to be provided by Borrower) or check to Borrower, within fourteen (14) days after the COUNTY's receipt of Borrower's written request therefor, and receipt of the Pledge of Collateral, and at such time as the COUNTY receives an installment of the required CDBG funds from HUD and the COUNTY, and provided that (i) all the other conditions set forth in Section 6 above have been satisfied, and (ii) the COUNTY has not disapproved any such item or the amount indicated therefor. The COUNTY may disapprove any request for an item which it determines, in its sole and absolute discretion, violates or may violate any of the terms and conditions of this Agreement or the Laws, Regulations and Guidelines. In such case the COUNTY shall disburse the remainder of the request, subject to the terms and conditions set forth herein. Failure of the COUNTY to disapprove of any item in any request for disbursement shall not be construed as a representation, warranty, agreement or admission of the COUNTY that such disbursement complies with this Agreement or the Laws, Regulations and Guidelines, and Borrower shall remain responsible for assuring such compliance as provided

elsewhere in this Agreement. Unless the proceeds of the Loan are being used to reimburse Borrower for amounts expended for CDBG eligible costs, Borrower shall expend Loan proceeds immediately upon receipt and in no event later than seventy-two (72) hours after receipt thereof. Borrower must take the Initial Disbursement of Loan proceeds within ninety (90) days after the date of execution of this Agreement by the COUNTY.

16. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

Borrower agrees to pay or reimburse the COUNTY, upon demand by the COUNTY, for all reasonable out-of-pocket costs incurred by the COUNTY in connection with the enforcement of this Agreement, the Note, including without limitation, reasonable attorneys' fees and costs (i) if the COUNTY shall determine to utilize an attorney to collect any sums due under this Agreement or any other documents executed in connection with this Agreement following any default by Borrower, or (ii) if the COUNTY becomes a party or otherwise appears in any legal proceeding relating to this Agreement or any documents issued hereunder or in connection herewith, or (iii) if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the COUNTY is a creditor in such proceeding or otherwise.

17. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

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

18. RIGHT OF ACCESS AND INSPECTION

COUNTY 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 the COUNTY in its reasonable discretion determines that the Site is not being operated in conformity with this Agreement, or any Applicable Governmental Restrictions, the COUNTY may at its election, after notice to and consultation with the

Borrower and affording the Borrower ten (10) days after such notice to cure the matter. Inspection by the COUNTY of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by the COUNTY or the County of Los Angeles that there has been compliance with any terms or provisions of this Agreement.

19. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS OF BORROWER.

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

A. Organization and Standing. Borrower is a legal entity duly formed, qualified to operate in California and validly existing and in good standing in the State of California, and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Note, and all other documents executed in connection herewith.

B. Enforceability. This Agreement, the 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 Agreement and all other instruments to be executed in connection herewith is consistent with the applicable statutes, COUNTY codes, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's governing body and officers.

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 have been previously disclosed in writing to the COUNTY) which could impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could 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 14.

H. No Violations. The execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances there under 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 not under common ownership or is otherwise affiliated with any lender extending any Project Loan (as defined in the Note).

20. AMENDMENTS, CHANGES AND MODIFICATIONS

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

21. 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.

22. NOTICES

All notices to be given under this Agreement shall be in writing and shall be delivered personally, by Federal Express or other like overnight courier or by certified or registered United States Mail, return receipt requested. Any notice shall be effective upon delivery or refusal to accept delivery, if delivered personally, one (1) day after deposit with the overnight courier, if delivered by Federal Express or other like overnight courier, and two (2) days after mailing, if delivered by certified or registered United States Mail. Notices to the Borrower shall be sent to the following address:

Community Development Commission of the County of Los Angeles
Attn: Carlos Jackson, Executive Director
2 Coral Circle
Monterey Park, CA 91755

Notices, reports and statements to the COUNTY shall be delivered or sent to the following address:

Sachi A. Hamai, Executive Officer
Executive Office
County of Los Angeles
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

With a copy to:

Los Angeles County Counsel
Hall of Administration, Room 648
500 West Temple Street
Los Angeles, CA 90012
Attn: Eric Young, Esq., Principal Deputy

Each Party shall promptly notify the other Party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

23. SEVERABILITY

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

24. 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.

25. NO WAIVER; CONSENTS

Any waiver by the COUNTY 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 COUNTY to take action on

account of any default of Borrower. Consent by the COUNTY 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 the COUNTY's consent to be obtained in any future or other instance.

26. GOVERNING LAW

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

27. AUTHORITY AND ENFORCEABILITY

The Borrower warrants and represents that its execution hereof has been authorized by its organizational documents and the governing board(s) of its general partner(s), as appropriate, that the individual(s) executing this Agreement are authorized to do so, and this Agreement constitutes a legal, valid and binding obligation of Borrower. The Borrower further agrees to provide such documentation and an opinion of counsel, as requested by the COUNTY, with respect to such authority and enforceability.

28. LITIGATION AND COMPLIANCE

To Borrower's actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the COUNTY) 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.

29. DEFAULT

To Borrower's actual knowledge, there are no facts now in existence which would, with the giving of notice of the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 14.

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

"COUNTY"
COUNTY OF LOS ANGELES

By:_____

Zev Yaroslavsky
Chairman

Attest: Sachi A. Hamai
Executive Officer-Clerk of
The Board Of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

"BORROWER"
COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES.

By: _____

Carlos Jackson
Executive Director

Date: _____

APPROVED AS TO PROGRAM

By: _____
Cordé Carrillo
Director, Economic/Redevelopment

EXHIBIT A

PROMISSORY NOTE

For value received, the undersigned, the **Community Development Commission of the County of Los Angeles**, whose address is **2 Coral Circle, Monterey Park, CA 91755** ("Borrower"), promises to pay to the order of the County of Los Angeles ("COUNTY"), a public body corporate and politic, at 500 West Temple Street, Los Angeles, CA 90012, Attention: Executive Officer (or at such other address as the COUNTY may direct), the principal sum of Two Million Four-Hundred Thousand dollars ($2,400,000), or so much thereof as may be advanced hereunder from time to time, or on or before _____, 2007 , (the "Maturity Date"), together with interest on the outstanding principal amount hereof at the rate of one percent (1%) per annum. Interest on the outstanding principal hereof shall be payable in arrears commencing on the first day of the calendar month immediately following the calendar month during which sums are first advanced hereunder and thereafter on the 1st day of each succeeding month. Interest shall be computed on the basis of actual number of days and a 365-day year.

If a payment of interest not timely made remains overdue for a period of ten (10) days after the same becomes due and payable, Borrower, without notice or demand by the COUNTY or any other holder, shall pay a late charge in an amount equal to five percent (5%) of the delinquent interest owing (the "Late Charge"). Borrower agrees that an amount equal to the Late Charge is a reasonable estimate of the damage to the COUNTY or other holder in the event of late payment of interest under this Promissory Note.

This Promissory Note is made pursuant to the terms of the Loan Agreement dated as of _____, 2007, (the "Agreement") entered into between Borrower and the COUNTY, and is secured by U.S. Government Obligations, U.S. Agency Bonds, state or municipal bonds (A or better), Bank of America time deposits or mutual funds composed of the aforementioned investment instruments for the account of Borrower in favor of the COUNTY.

Borrower shall, upon demand by the COUNTY, pay to the COUNTY, Mandatory Prepayments (as hereinafter defined) of principal and interest at such times and in such amounts as the COUNTY may determine from time to time in its sole discretion. As used herein, "Mandatory Prepayments" means a demand for prepayment by the COUNTY for the partial or total prepayment of the principal and/or interest due on the loan evidenced by this Promissory Note. In the event of any Mandatory Prepayment, the COUNTY shall give Borrower ten (10) days to make required payment to the COUNTY.

Borrower shall also have the right to make optional prepayments, at any time, without penalty, upon at least ten (10) days prior written notice to the COUNTY.

Borrower agrees that it will still be liable for repayment of this Promissory Note, 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.

In the event of a default in the timely payment of principal and/or interest on this Promissory Note, and/or upon the occurrence of an Event of Default (as defined in the Agreement), the COUNTY may, subject to any applicable notice requirements set forth in the Agreement and among other remedies, declare the unpaid balance hereof, together with accrued interest hereon, to be immediately due and payable. Upon such declaration, outstanding principal and (to the extent permitted by law) interest shall thereafter bear interest at the annual rate of interest (the "Default Rate") equal to the lesser of (i) four percent (4%) above the rate of interest announced from time to time by Wells Fargo Bank, Downtown Los Angeles Branch (or, in the even that said bank is acquired or ceases operations, then by a successor bank or, if there is no successor bank, another established and financially secure institutional lender selected by the COUNTY), as its prime or reference rate, or (ii) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law payable from the date of such declaration until paid in full.

It is the intention of Borrower and COUNTY to conform strictly to the usury laws that are applicable to this Promissory Note. This Promissory Note and any other agreements between Borrower and the COUNTY are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the COUNTY or the holder hereof exceed the maximum amount permissible under applicable usury laws. If under any circumstances fulfillment of any provision of this Promissory Note, the Agreement or any other agreement between Borrower and the COUNTY shall involve exceeding the limit of validity prescribed by the law, then the obligation to be fulfilled shall be reduced to the limit of such validity. All sums paid or agreed to be paid to the COUNTY or the holder, to the extent permitted by applicable law, and to the extent necessary to preclude exceeding the Limit of validity prescribed by law, shall be amortized, prorated, and allocated and spread from the date of disbursement of the proceeds of this Promissory Note until payment in full of this Promissory Note so that the actual rate of interest on account of such indebtedness is uniform throughout the term hereof.

Borrower is responsible for reimbursement to the COUNTY for all costs incurred in connection with the enforcement of this Promissory Note, including attorneys' fees and costs, whether or not suit is filed, as is further provided in Section 16 of the Agreement.

This Promissory Note shall be construed in accordance with and governed by the laws of the State of California. Borrower hereby submits to personal jurisdiction in Los Angeles County, California, for the enforcement of Borrower's obligations hereunder, and waives any defense to such jurisdiction, including, without limitation, any defense based on venue or inconvenient forum. Failure of the COUNTY to exercise any right or remedies hereunder shall not constitute a waiver of any future or other default. Amendments to this Promissory Note shall be in writing signed by the party against whom such amendment is sought to be enforced.

DATED AS OF:_____, 2007.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By:_____

_____

Its: Executive Director

Exhibit B

PLEDGE OF COLLATERAL AGREEMENT

Principal	Loan Date	Maturity	Loan	Call/Coll	Account	Officer	Initials
$2,400,000	XXX, 2007	XXX, 2010	No.				

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: **Community Development Commission of the County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

Lender: **County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

THIS PLEDGE OF COLLATERAL AGREEMENT dated JULY XX, 2007, is made and executed between Community Development Commission of the County of Los Angeles ("Grantor") and the County of Los Angeles ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means Grantor's present and future rights, title and interest in and to, together with any and all present and future additions thereto, substitutions therefore, and replacements thereof, together with any and all present and future certificates ad/or instruments evidencing any Bonds and further together with all Income and Proceeds as described herein:

$2,400,000 of Union Bank of California Bonds, CUSIP NO. XXXXX . (Account No. 67363001002). Collateral to be renewed, extended or replaced until maturity of the Note.

REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

Right to Pledge. Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral.

Authority; Binding Effect. Grantor has the full right, power and authority to enter into this Agreement and to grant a security interest in the Collateral to Lender. This Agreement is binding upon Grantor as well as Grantor's successors and assigns, and is legally enforceable in accordance with its terms. The foregoing representations and warranties, and all other representations and warranties contained in this Agreement are and shall be continuing in nature and shall remain in full force and effect until such time as this Agreement is terminated or cancelled as provided herein.

No Further Assignment. Grantor has not, and shall not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements, if any, contained in the Collateral which are to be performed by Grantor.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Granter will promptly notify the Lender of such change.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. Lender may hold the Collateral until all Indebtedness has been paid and satisfied. Thereafter Lender may deliver the Collateral to Grantor or to any other owner of the Collateral. Lender shall have the following rights in addition to all other rights Lender may have by law:

Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including paying of any liens or claims against the Collateral. This may include such things as hiring other people, such as attorneys, appraisers or other experts. Lender may charge Grantor for any cost incurred in so doing. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. If the Collateral consists of stock, bonds or other investment property for which no certificate has been issued, Grantor agrees, at

Lender's request, either to request issuance of an appropriate certificate or to give instructions on Lender's forms to the issuer, transfer agent, mutual fund company, or broker, as the case may be, to record on its books or records Lender's security interest in the Collateral. Grantor also agrees to execute any additional documents, including but not limited to, a control agreement, necessary to perfect Lender's security interest as Lender may desire.

Income and Proceeds from the Collateral. Lender may receive all Income and Proceeds and add it to the Collateral. Grantor agrees to deliver to Lender immediately upon receipt, in the exact form received and without commingling with other property, all Income and Proceeds from the Collateral which may be received by, paid, or delivered to Grantor or for Grantor's account, whether as an addition to, in discharge of, in substitution of, or in exchange for any of the Collateral.

Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured.

Transactions with Others. Lender may (1) extend time for payment or other performance, (2) grant a renewal or change in terms or conditions, or (3) compromise, compound or release any obligation, with any one or more Obligors, endorsers, or Guarantors of the Indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender. This will be the case whether or not the office or branch where Grantor obtained Grantor's loan knows about the Collateral or relies upon the Collateral as security.

Collection of Collateral. Lender at Lender's option may, but need not, collect the Income and Proceeds directly from the Obligors. Grantor authorizes and directs the Obligors, if Lender decides to collect the Income and Proceeds, to pay and deliver to Lender all Income and Proceeds from the Collateral and to accept Lender's receipt for the payments.

Power of Attorney. Grantor irrevocably appoints Lender as Grantor's attorney-in-fact, with full power of substitution, (a) to demand, collect, receive, receipt for, sue and recover all Income and Proceeds and other sums of money and other property which may now or hereafter become due, owing or payable from the Obligors in accordance with the terms of the Collateral; (b) to execute, sign and endorse any and all instruments, receipts, checks, drafts and warrants issued in payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, execute and deliver Grantor's release and acquittance for Grantor; (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in Lender's own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable; and (e) to execute in Grantor's name and to deliver to the Obligors on Grantor's behalf, at the time and in the manner specified by the Collateral, any necessary instruments or documents.

Perfection of Security Interest. Upon Lender's request, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. Upon Lender's request, Grantor will sign and deliver any writings necessary to perfect Lender's security interest. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (A) any depreciation in value of the Collateral or the collection or protection of any Income and Proceeds from the Collateral, (B) preservation of rights against parties to the Collateral or against third persons, (C) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (D) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor or Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Declare all Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Collect the Collateral. Collect any of the Collateral and, at Lender's option and to the extent permitted by applicable law, retain possession of the Collateral while suing on the Indebtedness.

Sell the Collateral. Sell the Collateral, at Lender's discretion, as a unit or in parcels, at one or more public or private sales. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give or mail to Grantor, and other persons as required by law, notice at least ten (10) days in advance of the time and place of any public sale, or of the time after which any private sale may be made. However, no notice need to be provided to any person who, after an Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. Grantor agrees that any requirement of reasonable notice as to Grantor is satisfied if Lender mails notice by ordinary mail addressed to Grantor at the last address Grantor has given Lender in writing. If a public sale is held, there shall be sufficient compliance with all requirements of notice to the public by a single publication in any newspaper of general circulation in the county where the Collateral is located, setting forth the time and place of sale and a brief description of the property to be sold. Lender may be a purchaser at any public sale.

Sell Securities. Sell any securities included in the Collateral in a manner consistent with applicable federal and state securities laws. If, because of restrictions under such laws, Lender is unable, or believes Lender is unable, to sell the securities in an open market transaction, Grantor agrees that Lender will have no obligation to delay sale until the securities can be registered. Then Lender may make a private sale to one or more persons or to a restricted group of persons, even though such sale may result in a price that is less favorable than might be obtained in an open market transaction. Such a sale will be considered commercially reasonable. If any securities held as Collateral are "restricted securities" as defined in the Rules of the Securities and Exchange Commission (such as regulation D or Rule 144) or the rules of state securities departments under state "Blue Sky" laws, or if Grantor or any other owner of the Collateral is an affiliate of the issuer of the securities, Grantor agrees that neither Grantor, nor any member of Grantor's family, nor any other person signing this Agreement will sell or dispose of any securities of such issuer without obtaining Lender's prior written consent.

Rights and Remedies with Respect to Investment Property, Financial Assets and Related Collateral. In addition to other rights and remedies granted under this Agreement and under applicable law, Lender may exercise any or all of the following rights and remedies: (1) register with any issuer or broker or other securities intermediary any of the Collateral consisting of investment property or financial assets (collectively herein, "investment property") in Lender's sole name or in the name of Lender's broker, agent or nominee; (2) cause any issuer, broker or other securities intermediary to deliver to Lender any of the Collateral consisting of securities, or investment property capable of being delivered; (3) enter into a control agreement or power of attorney with any issuer or securities intermediary with respect to any Collateral consisting of investment property, on such terms as Lender may deem appropriate, in its sole discretion, including without limitation, an agreement granting to Lender any of the rights provided hereunder without further notice to or consent by Grantor; (4) execute any such control agreement on Grantor's behalf and in Grantor's name, and hereby irrevocably appoints Lender as agent and attorney-in-fact, coupled with an interest, for the purpose of executing such control agreement on Grantor's behalf; (5) exercise any and all rights of Lender under any such control agreement or power of attorney; (6) exercise any voting, conversion, registration, purchase, option, or other rights with respect to any Collateral; (7) collect, with or without legal action, and issue receipts concerning any notes, checks, drafts, remittances or distributions that are paid or payable with respect to any Collateral consisting of investment property. Any control agreement entered with respect to any investment property shall contain the following provisions, at Lender's discretion. Lender shall be authorized to instruct the issuer, broker or other securities intermediary to take or to refrain from taking such actions with respect to the investment property as Lender may instruct, without further notice to or consent by Grantor. Such actions may include without limitation the issuance of entitlement orders,

account instructions, general trading or buy or sell orders, transfer and redemption orders, and stop loss orders. Lender shall be further entitled to instruct the issuer, broker or securities intermediary to sell or to liquidate any investment property, or to pay the cash surrender or account termination value with respect to any and all investment property, and to deliver all such payments and liquidation proceeds to Lender. Any such control agreement shall contain such authorizations as are necessary to place Lender in "control" of such investment collateral, as contemplated under the provisions of the Uniform Commercial Code, and shall fully authorize Lender to issue "entitlement orders" concerning the transfer, redemption, liquidation or disposition of investment collateral, in conformance with the provisions of the Uniform Commercial Code.

Foreclosure. Maintain a judicial suit for foreclosure and sale of the Collateral.

Transfer Title. Effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Have and exercise any or all of the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, at law, in equity, or otherwise.

Application of Proceeds. Apply any cash which is part of the Collateral, or which is received from the collection or sale of the Collateral, to reimbursement of any expenses, including any costs for registration of securities, commissions incurred in connection with a sale, attorneys' fees and court costs, whether or not there is a lawsuit and including any fees on appeal, incurred by Lender in connection with the collection and sale of such Collateral and to the payment of the Indebtedness of Grantor to Lender, with any excess funds to be paid to Grantor as the interests of Grantor may appear. Grantor agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Collateral to the Indebtedness.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Grantor and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much as such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statue of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorney's Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Pledge of Collateral Agreement, as this Pledge of Collateral Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Pledge of Collateral Agreement from time to time.

Borrower. The word "Borrower" means Community Development Commission of the County of Los Angeles and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" means any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Community Development Commission of the County of Los Angeles.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Income and Proceeds. The words "Income and Proceeds" means all present and future income, proceeds, earnings, increases, and substitutions from or for the Collateral of every kind and nature, including without limitation all payments, interest, profits, distributions, benefits, rights, options, warrants, dividends, stock dividends, stock splits, stock rights, regulatory dividends, subscriptions, monies, claims for money due and to become due, proceeds of any insurance on the Collateral, shares of stock of different par value or no par value issued in substitution or exchange for shares included in the Collateral, and all other property Grantor is entitled to receive on account of such Collateral, including accounts, documents, instruments, chattel paper, and general intangibles.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means County of Los Angeles, its successors and assigns.

Note. The word "Note" means the Note executed by Community Development Commission of the County of Los Angeles in the principal amount of $2,400,000 dated July XX, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Obligor. The word "Obligor" means without limitation any and all persons obligated to pay money or to perform some other act under the Collateral.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS PLEDGE OF COLLATERAL AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JULY XX, 2007.

GRANTOR:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

By:_____
Carlos Jackson, Executive Director
Community Development Commission of the County of Los Angeles

EXHIBIT C

CONTROL AGREEMENT AND ACKNOWLEDGMENT OF PLEDGE AND SECURITY INTEREST

Principal	Loan Date	Maturity	Loan No.	Call/Coll	Account	Officer	Initials
$2,400,000	XXX, 2007	XXX, 2010				I.A.	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: **Community Development Commission of the County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

Lender: **County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

TO: Union Bank of California, IS&M, Domestic Custody
Attn: Carmen Coniendo, Account Manager
475 Sansome Street, 15th Floor
San Francisco, CA 94111-3412

Date: XX-XX-07

NOTICE TO ISSUER

RE: Security Owner: Community Development Commission of the County of Los Angeles
Account Maintained by: Union Bank of California, IS&M, Domestic Custody
Account Number: 67363001002
Description of Security: $2,400,000.00 of Union Bank of California Bonds, CUSIP No. XXXX(Account No. 67363001002. Collateral to be renewed, extended or replaced until maturity of the Note.

DEAR MADAM OR SIR:

This is to notify you that pursuant to a Pledge of Collateral Agreement signed by the Community Development Commission of the County of Los Angeles (the "Owner(s)"), County of Los Angeles ("Lender") has been granted a security interest in the above described security or securities (the "Securities"), for which you are the issuer. You are hereby notified of Lender's security interest, including the provision that the Securities, including all dividends in stock, stock splits and other proceeds are not to be paid to anyone other than to Lender until and unless you receive further written notice from Lender. Any regular cash dividends may be paid to the Owner(s), subject to further instructions from Lender as provided below. This pledge will remain in full force and effect until Lender notifies you in writing to the contrary. Please acknowledge receipt of this notice by signing and returning the attached Control Agreement and Acknowledgment to Lender. This notice is dated XX, 2007.

Account Owner Authorization:

By:_____

CONTROL AGREEMENT AND ACKNOWLEDGMENT OF PLEDGE AND SECURITY INTEREST

We acknowledge receipt on XXX, 2007 of the above notice of Lender's security interest in the above-described Securities, and we will mark our records, by book-entry or otherwise, to indicate the pledge of, and Lender's security interest in, the Securities. To the best of our knowledge, and except for Lender's security interest or as noted below, and as of the date hereof (a) the Securities are identified on our books and records, by book-entry or otherwise, as being owned by Community Development Commission of the County of Los Angeles; (b) we have identified on our books and records the Securities as being pledged to the County of Los Angeles; (c) we have not confirmed any interest in the Securities to any persons other than to the Owner(s) and Lender; (d) our records do not indicate any adverse claims concerning the Securities nor do they indicate any person, other than Owner(s) and Lender, as having any interest in the Securities; (e) we have not created, nor have we received notice of any liens, claims or encumbrances with respect to the Securities, except to Lender; (f) we agree not to effect any transfer of the Owner(s)' interest in any of the Securities without Lender's prior written consent; (g) should we receive further written notice from Lender, we will hold the Securities and all dividends, distributions, and other proceeds relating to the Securities (whether in cash, securities or other property) subject to Lender's written instructions. We will comply with all written instructions originated by Lender concerning the Securities without further consent by the Owner(s).

Exceptions: _____

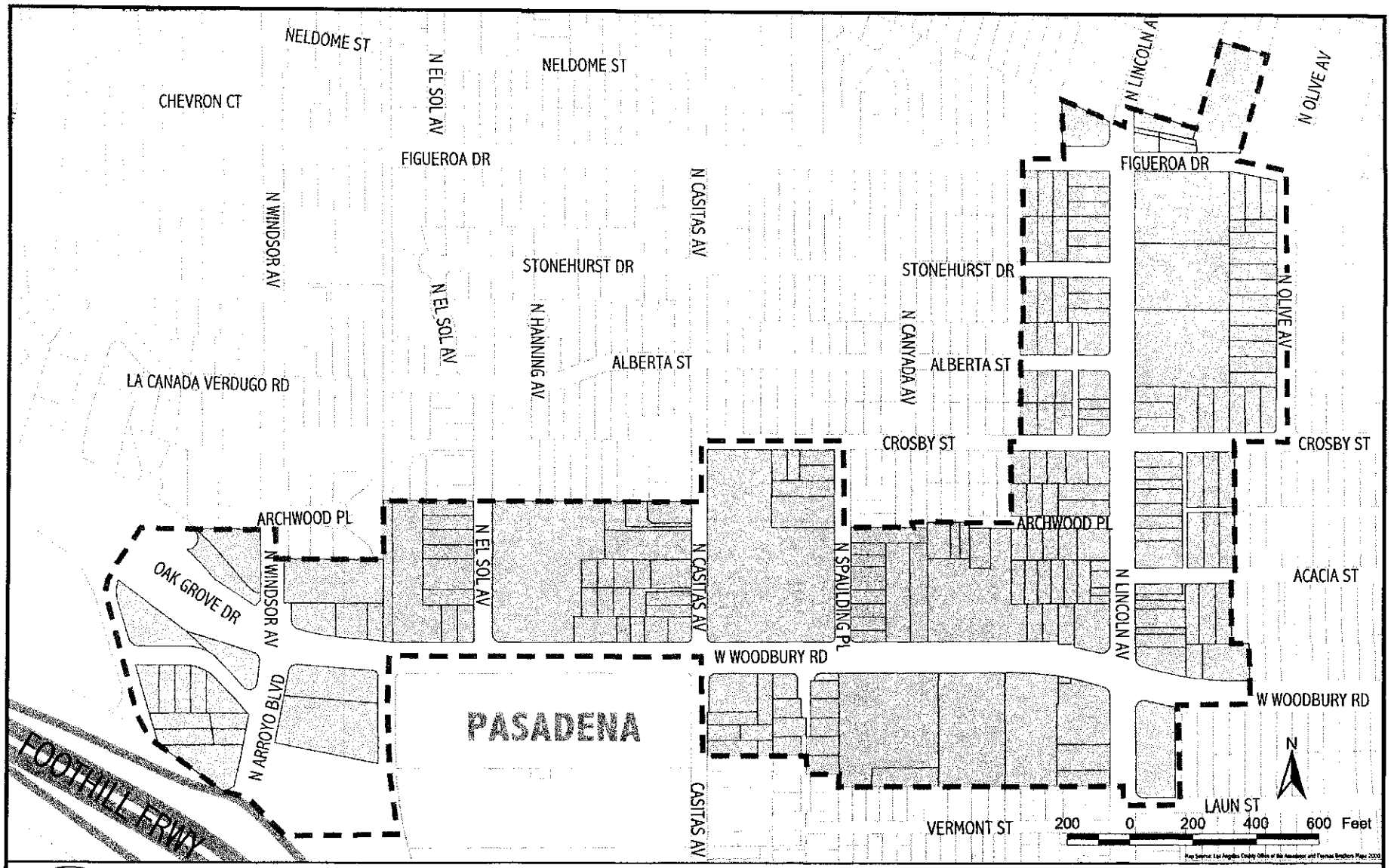
(Details of exceptions – if none, please state "None".)

RETURN TO:
Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Union Bank of California, IS&AM, Domestic Custody

By: _____
(Authorized Signer)

Attachment A:
Redevelopment Project Area Maps



Community Development Commission of the County of Los Angeles

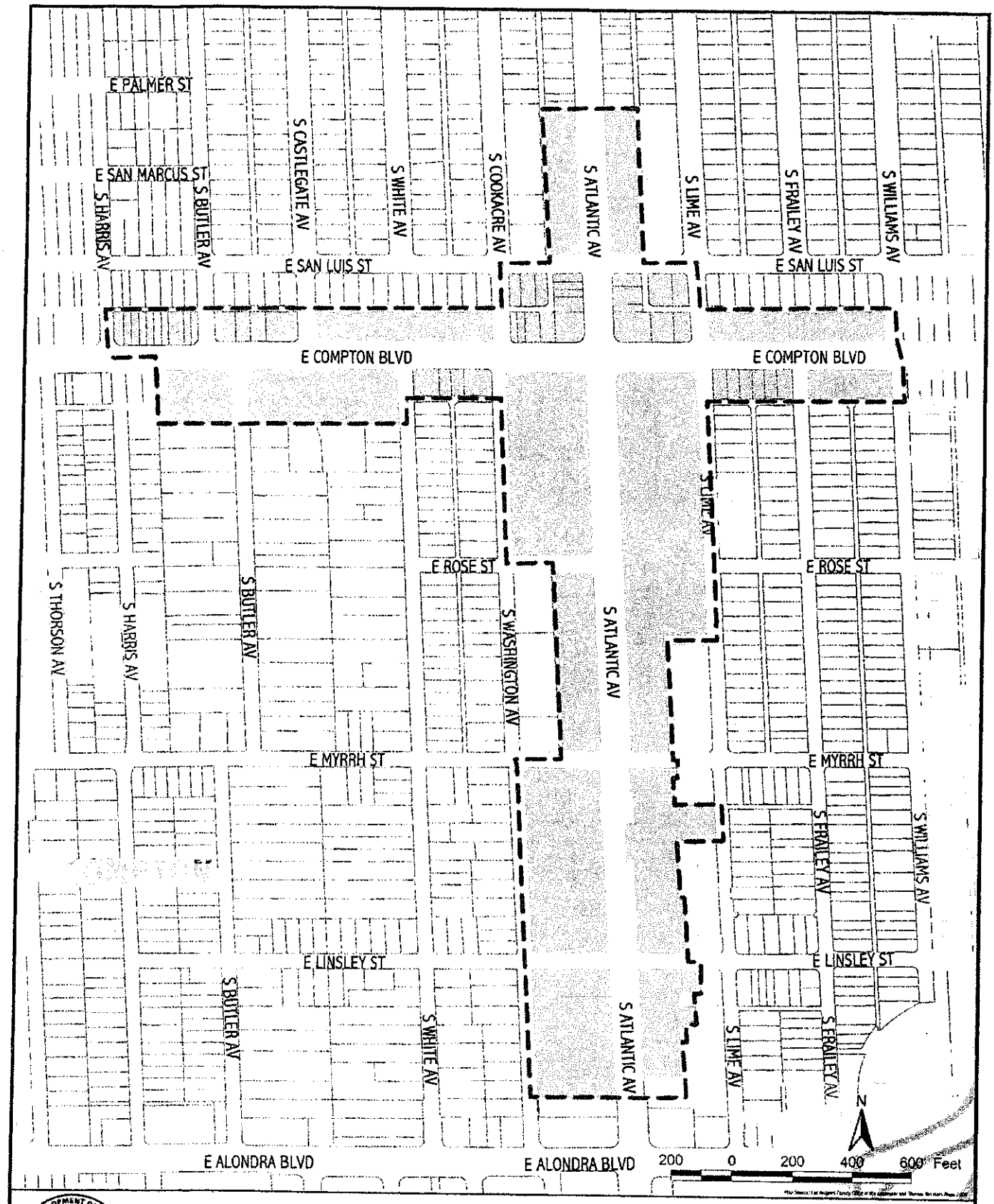
West Altadena
Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area



Community Development Commission of the County of Los Angeles

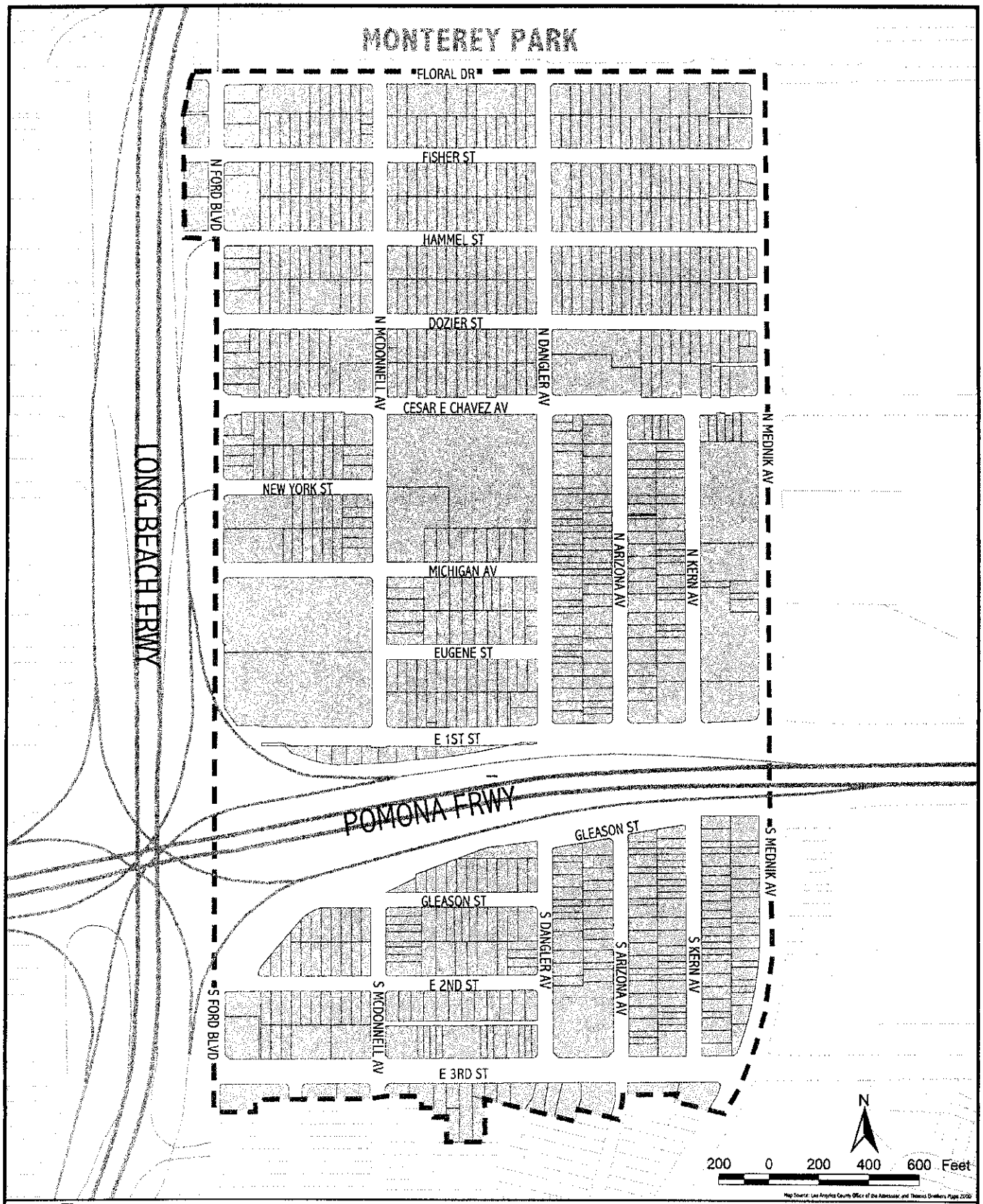
East Rancho Dominguez
Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area



Community Development Commission of the County of Los Angeles

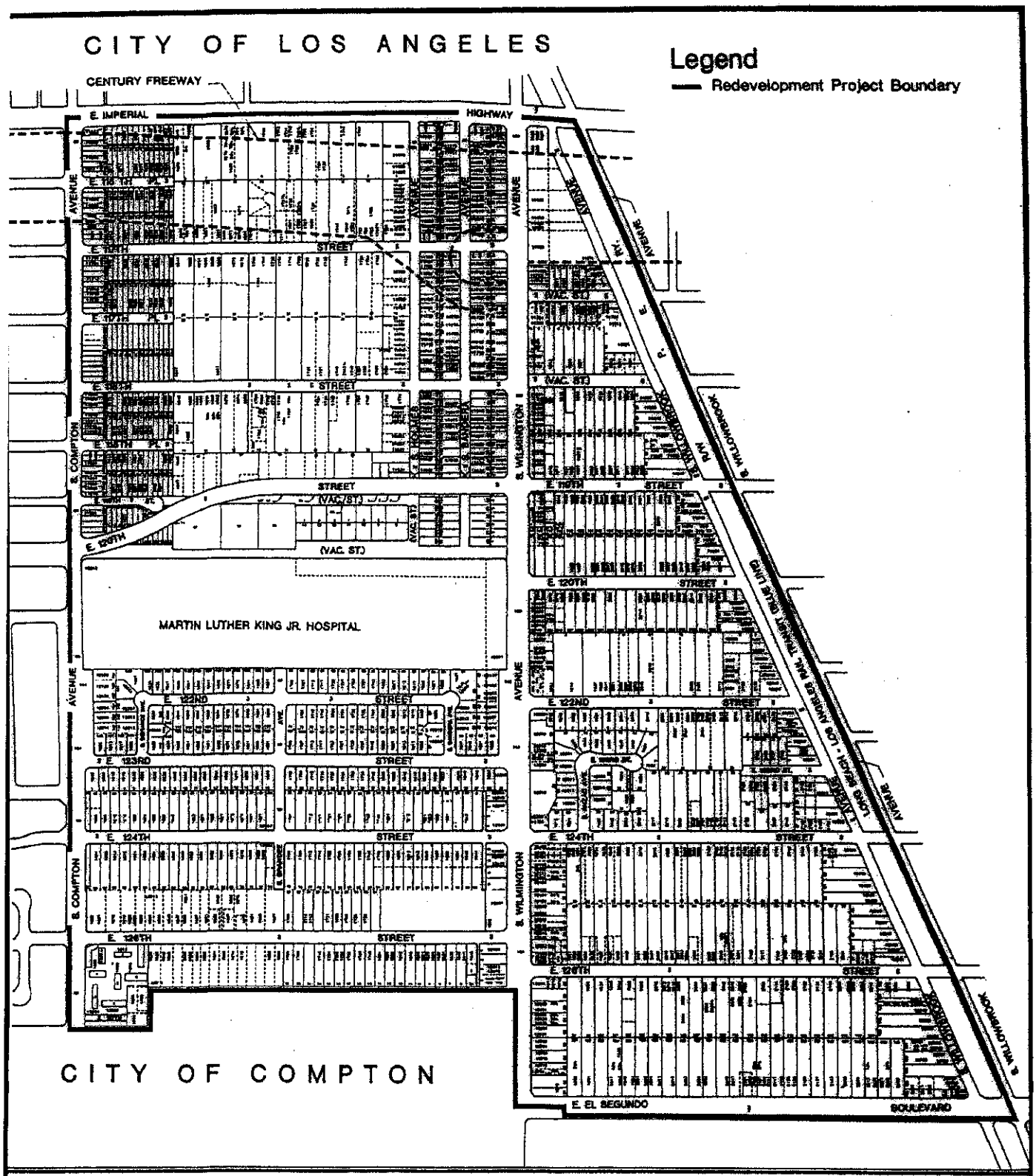
Maravilla
Community Redevelopment Project Area

Redevelopment Project Boundary

County Areas

Unincorporated Area

Incorporated Area

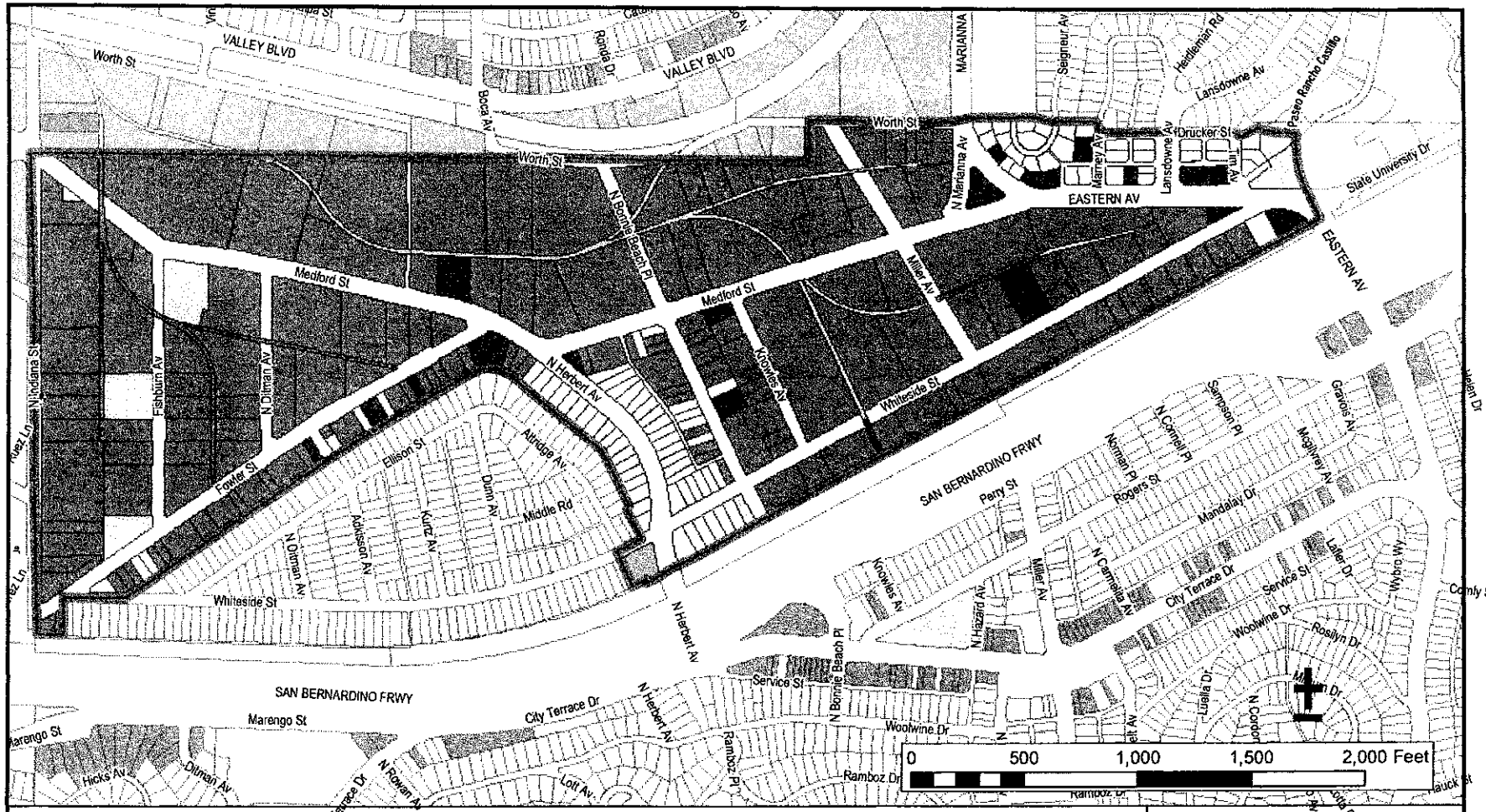


Second Supervisorial District—Los Angeles County

WILLOWBROOK

Community Redevelopment Project

Community Development Commission of the County of Los Angeles



Whiteside Project Area

Community Development Commission
of the County of Los Angeles

Whiteside Redevelopment Project Area

Proprietary Notice:
All Rights Reserved. This document contains information that is proprietary to the County of Los Angeles and its contributing cities and may not be used or reproduced except as specifically required by law or permitted by agreement.

Warning Notice:
Streets and parcel information is provided by the Office of the Los Angeles County Assessor, the Los Angeles County Department of Public Works and contributing cities. Los Angeles County nor the contributing cities assume any liability for any errors or omissions in such information.

Attachment B:
Float Loan Agreement

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated for identification purposes only as of the _____day of March 2007 (the "Agreement") by and between the COUNTY OF LOS ANGELES, a public body corporate and politic (the "COUNTY") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, (the "Borrower"). The COUNTY and the Borrower individually are sometimes hereinafter referred to as a "Party" and collectively as the "Parties".

RECITALS

A. WHEREAS, the County of Los Angeles has entered into an agreement with the United States of America through its Department of Housing and Urban Development ("HUD") to execute a Community Development Block Grant ("CDBG") program pursuant to the Housing and Community Development Act of 1974, as amended (the "Act");

B. WHEREAS, Borrower desires to borrow up to the maximum principal amount of Two Million Four-Hundred Thousand Dollars ($2,400,000) (the "Loan") from the COUNTY for the purpose of obtaining financing for redevelopment activities (the "Project") to be utilized by Borrower for assistance in financing redevelopment activities at its redevelopment project areas (the "Site");

C. WHEREAS, the COUNTY desires to make the Loan to Borrower, on the terms and conditions set forth herein;

D. WHEREAS, the COUNTY has made a determination that the Project, or portions thereof, to which the proceeds of the Loan are to be applied pursuant to this Agreement is a CDBG eligible activity creating or retaining jobs, benefiting low- and moderate-income persons or preventing or eliminating slum or blight, and that the activity is necessary to further the purposes of the Act and that reasonable benefits will accrue to residents within the Los Angeles Urban County jurisdiction;

E. WHEREAS, the COUNTY has made a determination that the Loan is appropriate to carry out redevelopment activities; and

F. WHEREAS, Borrower has agreed to make an irrevocable Pledge of Collateral, described below, to secure repayment of the Loan by Borrower as provided herein.

NOW, THEREFORE, the Parties agree as follows:

1. LOAN BY THE COUNTY

The COUNTY agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to loan to Borrower, in one or more disbursements, up to the maximum sum of Two Million Four-Hundred Thousand Dollars ($2,400,000) to be used solely for the purposes described herein and so long as such purposes constitute CDBG eligible activities.

2. NOTE; INTEREST

Prior to any disbursement of any Loan proceeds to Borrower hereunder, Borrower shall execute and deliver to the COUNTY a Promissory Note (the "Note") in the form of Exhibit "A" attached hereto, which Note sets forth the interest rate, the date and other terms and conditions of the Loan. The Note shall be dated by Borrower as of the date of its execution and, upon receipt of the Note, the COUNTY shall insert the Maturity Date (as defined below) therein. The disbursed and unpaid amount of the Loan shall accrue interest as of the date on which Loan proceeds are first disbursed to Borrower by the COUNTY as provided herein (the "Initial Disbursement"), and ending (except as to interest at the "Default Rate", as defined in the Note) on that date which is thirty (30) months after the date of the Note (the "Maturity Date"), at the lesser of (a) the rate of one percent (1%) or (b) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law. Interest shall be computed on the basis of actual number of days and a 365-day year. Borrower shall pay interest in arrears commencing on the first day of the sixth month following the Initial Disbursement and continuing thereafter on the first day of each sixth month to and

including that month during which the Maturity Date occurs. On the Maturity Date, the entire unpaid principal balance of the Loan, plus all accrued and unpaid interest thereon, and any other amounts payable by Borrower under the terms of this Agreement and the Note shall be due and payable. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 below, shall be applied first toward costs of collection and late charges, if any, then toward accrued and unpaid interest and then toward the unpaid principal balance under the Note. As used herein, "Term" shall mean the period of time commencing with the date of the Note and terminating on the date when Borrower has repaid the entire outstanding principal balance and accrued interest on the Loan.

If a payment of interest not timely made remains overdue for a period of ten (10) days after the same becomes due and payable, Borrower, without notice or demand by the COUNTY or any other holder of the Note, shall pay a late charge in an amount equal to five percent (5%) of the delinquent interest owing (the "Late Charge"). Borrower agrees that an amount equal to the Late Charge is a reasonable estimate of the damage to the COUNTY or other holder of the Note in the event of late payment of interest due hereunder.

3. ACCELERATION

The entire principal balance of the Loan and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date; provided, however, that the entire principal balance of the Loan and all accrued and unpaid interest thereon shall, at the election of the COUNTY and upon notice to Borrower thereof (except no notice or election shall be required with respect to Non-Curable Defaults as defined in Sections 14(A)(1) through 14(A)(7) below), become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower, upon the occurrence of any Event of Default as set forth in Section 14.

4. LOAN REPAYMENT; VOLUNTARY PREPAYMENT; MANDATORY REPAYMENT

At any time after the disbursement of the Loan proceeds, Borrower may, subject to its compliance with the following procedure, voluntarily prepay all or a portion of the unpaid principal

amount of the Loan and any or all accrued interest thereon without penalty. In the event Borrower wishes to voluntarily prepay (a "Voluntary Prepayment") all or any portion of the unpaid principal amount of the Loan and accrued interest thereon, Borrower shall deliver to the COUNTY at least ten (10) days prior written notice (the "Prepayment Notice") of such election which Prepayment Notice shall identify (i) the date such prepayment is to occur (the "Prepayment Date"), (ii) the total principal to be paid, and (iii) the total accrued interest to be paid.

It is acknowledged by the Parties that the COUNTY may require prepayment (a "Mandatory Prepayment") (either in whole or in part) of the Loan at any time by delivery of written notice (the "Notice of Mandatory Prepayment") to Borrower. The Notice of Mandatory Prepayment shall set forth (i) the date such prepayment is to occur (the "Required Prepayment Date"), (ii) the total principal to be paid, and (iii) the total accrued interest to be paid. The Notice of Mandatory Prepayment shall be delivered to Borrower at least ten (10) days prior to the Required Prepayment Date.

The amount of principal and accrued interest set forth in the Prepayment Notice to be prepaid and the amount of principal and accrued interest set forth in the Notice of Mandatory Prepayment to be prepaid shall constitute an amount owing by Borrower to the COUNTY under this Agreement as of the Prepayment Date and the Required Prepayment Date, respectively.

The COUNTY shall be permitted, upon (i) the Maturity Date of the Loan, or (ii) the occurrence of any Event of Default as set forth in Section 14 and Borrower's failure to timely cure such Default after delivery of notice to Borrower as specified therein (except with respect to Non-Curable Defaults as defined in Sections 14 (A) (1) through 14 (A) (6) below in which case no notice is required), to draw on the irrevocable Pledge of Collateral (as defined below) the total outstanding principal, accrued and unpaid interest and other amounts owing under the Loan as of the date such draw plus, at the COUNTY's option, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy (as defined herein below) occurring with respect to Borrower. As used herein, the term "Act of Bankruptcy" means the filing of a voluntary petition in

bankruptcy under the United States Bankruptcy Code or an adjudication pursuant to an involuntary proceeding under the United States Bankruptcy Code.

The COUNTY shall be permitted, upon (i) any Prepayment Date, and/or (ii) any Required Prepayment Date, to draw on the Pledge of Collateral the amount of any Voluntary Prepayment and/or any Mandatory Prepayment. In the event any such draw is for the entire outstanding principal and all accrued and unpaid interest due on the Loan as of the date of such draw, whether pursuant to a Voluntary Prepayment or a Mandatory Prepayment, the COUNTY shall be permitted to draw on the Pledge of Collateral the total outstanding principal, accrued and unpaid interest and other amounts owing under the Loan as of the date of such draw plus, at the COUNTY's option, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy occurring with respect to Borrower.

Provided that there are no other amounts owing the COUNTY after its draw on the Pledge of Collateral of the total outstanding principal, interest and other amounts owing under the Loan (and, if the COUNTY elects, any interest, principal or other payments received directly from Borrower during the period commencing ninety-five (95) days prior to the earlier of the (i) date of such draw, or (ii) the date of any Act of Bankruptcy occurring with respect to Borrower), the COUNTY shall return the Pledge of Collateral after its receipt of all funds in accordance with such draw.

Borrower hereby agrees and understands that any partial prepayment of the Note shall not relieve Borrower of the duty to comply with the terms and conditions set forth in the CDBG or the covenants described in Sections 9 and 10 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms.

5. SECURITY AND SOURCE OF PAYMENT

Payment of principal and interest on the Loan shall, at all times during the Term, be secured by a direct pay, irrevocable, unconditional and callable upon demand pledge of collateral (the "Pledge of Collateral"). The Pledge of Collateral will be in the form of U.S. Government Obligations, U.S.

Agency Bonds, state or municipal bonds (A or better), Bank of America time deposits or mutual funds composed of the aforementioned investment instruments whose value will be determined by the most recent closing price obtained from the Wall Street Journal. The Pledge of Collateral shall at all times be (i) in the amount no less than the then outstanding principal amount of the Loan plus the equivalent of three (3) months interest (computed at the rate in effect at the inception of the Loan) (hereinafter, the 'Required Amount"), (ii) in favor of the COUNTY, (iii) in the form attached hereto as Exhibit "B", and (iv) having an expiration date which is at least ninety (90) days after the Maturity Date of the Note.

Notwithstanding the satisfaction of all other conditions applicable to a distribution of Loan proceeds to Borrower under this Agreement, Borrower shall not be entitled to receive Loan proceeds to the extent such receipt would cause the amount of the Pledge of Collateral to be less than the Required Amount. To the extent Borrower wishes to receive such Loan proceeds, Borrower must have the Pledge of Collateral amended to an amount that is no less than the Required Amount.

6. CONDITIONS TO THE COUNTY FUNDING THE LOAN

The obligation of the COUNTY to make any disbursement of Loan proceeds under this Agreement shall be expressly subject to the following conditions:

A. The execution of this Agreement by the COUNTY and Borrower.

B. Acceptance by the COUNTY of the Pledge of Collateral Agreement in form and substance as provided in Exhibit "B" hereto or otherwise satisfactory to the COUNTY, in its sole discretion,

C. Receipt by the COUNTY of the executed Note.

D. Receipt by the COUNTY from the Borrower of such documents and certifications as are reasonably required by the COUNTY, in form and substance satisfactory to the COUNTY, evidencing (i) that this Agreement, the Note and all other documents given or executed in connection herewith are duly and validly executed by and on behalf of and constitute the valid and enforceable

obligation of the Borrower thereunder, pursuant to the respective terms of each of such documents, and (ii) that the execution and delivery of the Agreement, the Note and all other documents executed, or given hereunder or in connection herewith and the performance by the Borrower thereunder will not breach or violate any articles of incorporation, any by-law restriction, or any law or governmental regulation nor, to the best knowledge of Borrower and Borrower's members and officers, constitute a breach of or default under any instrument or agreement to which Borrower may be a party, and (iii) such other matters as are reasonably required by the COUNTY.

E. The availability to the COUNTY of allocated but undrawn CDBG funds in an amount sufficient to fund the respective disbursements of the Loan.

F. If necessary, receipt of environmental clearance for the Project.

G. No uncured Event of Default shall have occurred.

H. Borrower shall have provided to the COUNTY a disbursement request, in the form and manner, with the accompanying documentation, as is specified by Section 15 of this Agreement.

I. Borrower shall have provided to the COUNTY, in form satisfactory to the COUNTY, (i) certified copies of actions of the Community Development Commission approving, on behalf of Borrower, this Agreement and the other documents executed by Borrower in connection herewith, and (ii) a certificate of the Secretary or an Assistant Secretary of Borrower certifying the names and true signatures of the officers of Borrower authorized to sign this Agreement on behalf of Borrower, and the other documents to be delivered by it hereunder.

7. OBLIGATION OF BORROWER UNCONDITIONAL

The obligation of Borrower to repay the Loan and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on the Note shall have been fully paid, Borrower agrees that it:

A. Will use the Loan proceeds solely for the purposes set forth below in Section 8; and

B. Will not terminate or suspend any payments or obligations under this Agreement, the Note, or the Pledge of Collateral or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Agreement or any document executed hereunder or in connection herewith.

8. PURPOSES OF LOAN

Borrower covenants to use the proceeds of the Loan solely for purposes of financing CDBG eligible activities and paying CDBG eligible costs necessary for the Project to be funded by the Loan. The Loan proceeds may not be used for, and Borrower hereby covenants that it shall not use such proceeds for, any ineligible purchases and expenditures as set forth in 24 CFR 570.207. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Agreement. As of the execution hereof, Borrower intends to use the Loan proceeds solely to provide financing for the Project. The purpose of the Loan is to assist in financing redevelopment activities at redevelopment project areas administered by the Borrower.

9. COVENANTS OF BORROWER

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

A. Compliance with Laws. Borrower shall, during the Term, comply with all applicable federal, state, and local laws, ordinances, regulations and directives as they pertain to the performance of this Agreement. This Agreement is subject to and incorporates the terms of the Act and 24 Code of Federal Regulations (CFR), Chapter V, Part 570, and all amendments or successor laws, regulations or guidelines thereto (collectively, the "Laws, Regulations and Guidelines"). Borrower understands that the Project, or that portion thereof funded by the Loan (in the event the entire Project is not funded by the Loan), must comply at all times during the Term with one or more of the three

broad national objectives set forth in 24 CFR 570.208 and Borrower covenants that it will cooperate with the COUNTY and HUD, as necessary, to maintain compliance therewith.

Borrower further understands and agrees that unless HUD has determined that the Project has received appropriate environmental review and clearance, no Loan proceeds shall be disbursed hereunder until compliance with environmental review and clearance procedures set forth at 24 CFR Part 58.

B. Affirmative Action. During the Term, Borrower shall take affirmative action to ensure that the Project shall provide equal employment and career advancement opportunities for minorities and women and, to the greatest extent feasible, to provide opportunities for training and employment of low and moderate income persons when-employed by Borrower. In furtherance of the foregoing, Borrower shall deliver to the COUNTY a list, acceptable to the COUNTY, setting forth affirmative steps taken by Borrower, or to be taken by Borrower to assure that minority business and women's business enterprises are offered–an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

Borrower shall deliver to the COUNTY semiannually, prior to January 31 and July 31 of each fiscal year, a report summarizing the nature of the businesses with which Borrower has entered into contracts and subcontracts in connection with the Project during the preceding six (6) month period ending December 31 or June 30, as applicable. The obligation of Borrower to deliver the report specified in this Section 9 B shall expire upon delivery of the report summarizing the last contracts and subcontracts entered into by Borrower in connection with the Project and to be paid in whole or in part with Loan proceeds.

C. Covenant to Perform Services. Borrower shall, during the Term, perform services consistent with the goals and objectives set forth in the Los Angeles Urban County Community Development Block Grant Statement of Objectives and Projected Use of Funds, as adopted during the Term by the Board of Supervisors of the County of Los Angeles, which Statement is incorporated herein by this reference.

D. Revenue Disclosures. Borrower shall make available for inspection and audit to the COUNTY's representatives, upon seventy-two (72) hours written request, at any reasonable time during the Term and for a period of five (5) years thereafter, at Borrower's offices, or, if requested by the COUNTY, at another location within Los Angeles County, all of the books and records of Borrower relating to the operation of the Project or this Agreement. All such books and records shall be maintained by Borrower. In the event any litigation, claim or audit is started before the expiration of the 5-year period, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved. The COUNTY agrees to maintain the confidentiality of all the information contained in the book and records of the Borrower, in accord with Agreement.

E. Other Reports. Upon seventy-two (72) hours written notice, at any reasonable time, Borrower shall prepare and submit to the COUNTY, in addition to the books and records described above, all additional reports and any financial, program progress, monitoring, evaluation or other reports required by HUD or the COUNTY or its representatives as they relate to the Project or this Agreement. Borrower shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of COUNTY representatives, may be relevant to a question of compliance with this Agreement or HUD directives, or with the effectiveness, legality and achievements of the CDBG Program as they relate to the Project or this Agreement. Borrower shall retain all existing records and data relating to the Project for a five (5) year period after the expiration of the Term. In the event any litigation, claims or audit is started before the expiration of said five (5) year period, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

F. Indemnification. Borrower agrees to and does hereby indemnify, defend and save harmless the COUNTY, its respective agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees of counsel acceptable to the COUNTY, and claims (collectively, "Claims) for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage, arising from or connected with the Project (except to the extent caused by the gross negligence or willful misconduct of the COUNTY or its employees), and including any workers' compensation suits, liability or expense arising from or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement.

G. Audit by State and Federal Agencies. Borrower agrees that in the event this Agreement or the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and the COUNTY, the full amount of the liability to the funding agency resulting from such inspections in the event such liability results from a failure by Borrower to satisfy applicable law or its obligations under this Agreement.

H. Program Evaluation and Review. Borrower shall, during regular business hours, allow COUNTY 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 and program participants, as reasonably required by the COUNTY during the Term.

I. Hazardous Materials. Borrower covenants and agrees that, during its ownership and/or occupancy of the Site, it shall not (i) knowingly deposit "Hazardous Materials" (as defined below) in, on or upon the Site, or (ii) knowingly permit the deposit of Hazardous Materials in, on or upon the Site, and Borrower hereby assumes any and all liability arising in connection with any such deposit of Hazardous Materials; provided, that this sentence shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Site so long as they are materials which are used in the normal course of business, and so long as such materials are used, stored and disposed of in accordance with all applicable governmental restrictions. Borrower agrees to indemnify, defend and hold the COUNTY harmless from and against any claims respecting the

presence of Hazardous Materials in, on or upon the Site to the extent such Hazardous Materials are brought thereon by or on behalf of Borrower, its employees, agents or contractors.

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

J. Insurance. Borrower shall procure and maintain at Borrower's expense and until such time as Borrower has repaid the entire outstanding principal balance and accrued interest on the Loan, the following insurance, for which the COUNTY shall be named as additional named insured, against claims for injuries to persons or damages to property which may arise from or in connection with the development and operation of the Project by the Borrower, and their agents, representatives, employees or subcontractors.

(1) 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.

(2) AUTOMOBILE LIABILITY: $1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(3) WORKERS' COMPENSATION as required by the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

(4) "ALL RISK" property insurance covering the full replacement value of all buildings and equipment of the Borrower. The COUNTY shall be named as an insured under a standard loss payable endorsement.

Any self-insurance program by Borrower or any self-insured retention must be separately approved by COUNTY.

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 COUNTY. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California which carriers shall have a rating of or equivalent to A: (VIII) by A.M. Best & Company. Any deviations from this rule shall require specific approval in writing.

Borrower shall furnish COUNTY with certificates of insurance and with original endorsements effecting 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. Borrower shall be permitted to satisfy the insurance requirements set forth in this Section 9 (J) pursuant to a blanket policy of insurance maintained by Borrower so long as the coverage under such blanket policy satisfies the coverage requirements specified hereinabove.

Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement by Borrower pursuant to which the COUNTY shall be entitled to all rights and remedies under this Agreement as specified in Sections 14 (B) and (C) below. No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the COUNTY or any other officer or agent of COUNTY designated in writing by the Executive Director.

K. County Lobbyist Ordinance. Borrower and each COUNTY lobbyist or COUNTY lobbyist firm ("Lobbyist") (as defined in Los Angeles County Code Section 2.160.010) shall fully comply with the requirements (the "COUNTY Lobbyist Requirements") as set forth in Los Angeles County Code Chapter 2.160 (County Ordinance 93-0031).

The Borrower shall certify in writing that it is familiar with the Los Angeles County Code Chapter 2.160 and that all persons acting on behalf of the Borrower will comply with the COUNTY Lobbyist Requirements.

Failure on the part of the Borrower and/or the Lobbyist to fully comply with the COUNTY Lobbyist Requirements shall constitute a material breach of this Agreement by the Borrower upon which the COUNTY may declare immediately due and payable all outstanding principal and all accrued and unpaid interest on the Loan. In addition, the Borrower may be subject to civil action.

L. Federal Lobbyist Requirements. The Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments and HUD's 24 Code of Federal Regulations (CFR) 87 (the "Federal Lobbyist Requirements"), 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.

M. Contractor's Warranty Of Adherence To County's Child Support Compliance Program. Borrower acknowledges that the COUNTY has established a goal of ensuring that all individuals who benefit financially from County or 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 County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) 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).

N. Termination For Breach Of Warranty To Maintain Compliance With County's Child Support Compliance Program. Failure of Borrower to maintain compliance with the requirements set forth in Paragraph M, "Contractor's Warranty of Adherence to County's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to COUNTY under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County District Attorney shall be grounds upon which the Board of Supervisors may terminate this Agreement as an event of default under Section 14 (A) (1).

O. Post Most Wanted Delinquent Parent 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 policy to voluntarily post a list entitled "L.A.'s Most Wanted: delinquent Parents" poster in a prominent position at Borrower's place of business. District Attorney will supply Borrower the poster to be used.

P. 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.

Q. Use Of Recycled-Content Paper Products. Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Borrower agrees to use recycled-content paper to the maximum extent possible in relation to its provision of service hereunder.

R. Other Requirements. Borrower shall, during the Term, comply with any other applicable requirements of a subrecipient of CDBG funds including without limitation compliance with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)), and any other applicable laws including any laws respecting relocation, displacement and federal labor standards requirements.

10. DISCRIMINATION

Borrower and the COUNTY agree that no person shall, on the grounds of race, sex, creed, color, religion, national origin, or age be excluded from participation in, be refused the benefits of, or otherwise be subjected to discrimination in any activities, programs, or employment supported by this Agreement. Borrower shall comply, with all applicable regulations set forth in 24 CFR 570.600-602, including without limitation, the requirement that Borrower comply with Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 1; Section 109 of the Act and the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and Executive Order 11246 and the regulations issued pursuant thereto (41 CFR Chapter 60), if applicable; and the requirements of the Americans With Disabilities Act (42 U.S.C. 12101-12213).

11. INDEPENDENT CONTRACTOR

In their performance of this Agreement, the Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other

Party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

12. ASSIGNMENT; ACCELERATION

So long as there is no Event of Default outstanding and provided Borrower obtains the prior express written consent of the COUNTY in each instance, such consent not to be unreasonably withheld, this Agreement and the rights and obligations of Borrower hereunder shall be assignable by Borrower. The refusal of the COUNTY to consent to any such proposed assignment shall be deemed to be reasonable if the COUNTY, in its sole but reasonable discretion, determines that the proposed assignee does not possess (i) adequate experience in operating a project of a nature similar to that of the Project contemplated by this Agreement, (ii) a high-quality reputation, or (iii) the financial capacity of assignee is inadequate to operate the Project. The COUNTY's consent to any such assignment of Borrower's rights and obligations under this Agreement shall be expressly conditioned upon and any such assignment shall not be effective unless and until (i) execution and delivery by the proposed assignee to the COUNTY of such documents as required by the COUNTY including, without limitation, any and all documents deemed necessary by the COUNTY to provide for said assignee's assumption of all of the obligations of Borrower hereunder, including without limitation all covenants of Borrower relating to the creation and retention of low and moderate income jobs in connection with the operation of the Project, (ii) the proposed assignee causes the issuance to the COUNTY of a Pledge of Collateral satisfying all of the requirements set forth in this Agreement. No approved assignment by Borrower hereunder shall in any way amend or modify the terms of this Agreement including specifically but without limitation the right of the COUNTY to require prepayment of all or any portion of the Loan at any time on no less than ten (10) days written notice as provided in Section 4 above.

Notwithstanding the current execution of any assignment documentation between Borrower and Assignee, the assignment to Assignee of Borrower's rights and obligations under this Agreement shall not be effective (and not recognized by the COUNTY) unless and until Assignee executes and

delivers to the COUNTY such documents as required by the COUNTY including, without limitation, any and all documents deemed necessary by the COUNTY to provide for the Assignee's assumption of all of the obligations of Borrower hereunder, including without limitation all covenants of Borrower relating to maintenance of the Pledge of Collateral and the creation and retention of low and moderate income jobs in connection with the operation of the Project. The assignment by Borrower to Assignee hereunder shall in no way constitute an amendment or modification of the terms of this Agreement or an amendment, modification, release, limitation, extension, waiver or delay of the COUNTY's rights under this Agreement including specifically but without limitation the COUNTY's rights and remedies respecting any Event of Default outstanding at the time of the effectiveness of such assignment and the right of the COUNTY to require prepayment of all or any portion of the Loan at any time or no less than ten (10) days written notice as provided in Section 4 above.

Notwithstanding anything which may be or appear to be herein to the contrary, no purported assignment of this Agreement shall be effective if such assignment would violate the terms, conditions and restrictions of the CDBG or any other Laws, Regulations and Guidelines applicable to this Agreement or such assignment.

Except as otherwise expressly permitted as provided hereinabove in this Section 12, any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the COUNTY as provided hereinabove, shall be null and void and shall constitute a material breach of this Agreement. In the event of a sale or transfer of Project (other than an encumbrance of the Site for security purposes) without an assignment of this Agreement approved in writing by the COUNTY, the COUNTY may, at its option, declare the entire principal balance of the Loan and all accrued and unpaid interest thereon immediately due and payable.

13. FISCAL LIMITATIONS

The United States of America through HUD, may in the future place programmatic or fiscal limitations on CDBG funds not presently anticipated. Accordingly, the COUNTY reserves the right

to revise this Agreement in order to take account of actions affecting HUD program funding. In the event of funding reduction, the COUNTY may reduce or eliminate the Loan in its entirety.

14. EVENTS OF DEFAULT AND REMEDIES

A. Events of Default. The occurrence of any of the following shall, after the giving of any notice described therein, constitute an event of default ("Event of Default") hereunder:

(1) The failure of Borrower to pay or perform any covenant or obligation hereunder or under the terms of this Agreement and/or the Note, without curing such failure within ten (10) days after receipt of written notice of such default from the COUNTY (or from any party authorized by the COUNTY to deliver such notice as identified by the COUNTY in writing to Borrower). Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a ten (10) day period, it shall be deemed cured if Borrower commences the cure within said ten (10) day period and diligently prosecutes such cure to completion thereafter. Further provided, that the herein described notice requirements and cure periods shall not apply to the following (hereinafter, "Non-Curable Defaults"): (i) a failure by the Borrower to honor any attempted draw on the Pledge of Collateral by the COUNTY made in accordance with the terms of this Agreement, or (ii) any Event of Default described in Sections 14 (A) (2) through 14 (A) (7) below;

(2) Any attempted assignment or transfer by Borrower not in compliance with Section 12 above;

(3) The falsity of any material representation or breach of any material warranty made by Borrower under the terms of this Agreement, the Note or any other document executed in connection herewith;

(4) A determination by the COUNTY or HUD that use of the Loan proceeds by Borrower does not constitute an eligible activity under the Act, 24 CFR 570.200 et seq., or other applicable regulations;

(5) Borrower shall either (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for any 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 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; or

(6) 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, 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 for 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.

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

(1) By notice to Borrower (unless an Event of Default is a Non-Curable Default as defined in Sections 14 (A) (1) through 14 (A) (6) above in which case no notice shall be required), declare the entire principal balance of the Loan then unpaid together with interest accrued thereon 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 and in the event of a failure by the Borrower to honor any attempted draw on the Pledge of Collateral by the COUNTY made in accordance with the terms of this Agreement in connection with such declaration, outstanding principal and (to the extent permitted by law) interest

shall thereafter bear interest ("Default Interest") at the annual rate of interest equal to the lesser of (i) four percent (4%) above the rate of interest announced from time to time by Wells Fargo Bank, Downtown Los Angeles Branch (or, in the event that said bank is acquired or ceases operations, then the successor bank or, if there is no successor bank, another established and financially secure institutional lender selected by the COUNTY), as its prime or reference rate, or (ii) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law, payable from the date of such declaration until paid in full;

(2) Take any and all actions at law or in equity as may appear necessary or desirable, in the sole discretion of the COUNTY, in order to collect the amounts then due and thereafter to become due hereunder and under the Note, 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;

(3) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute to enforce and collect upon the Note;

(4) Upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money under this Agreement, the COUNTY may, but shall not be obligated to, make such payment from Loan proceeds or other funds of the COUNTY. If such payment is made from proceeds of the Loan or other funds of the COUNTY, Borrower shall deposit with the COUNTY, upon written demand therefor, such sum plus interest at the Default Rate. In either case, the Event of Default with respect to which any such payment has been made by the COUNTY shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the Note; and/or

(5) Upon the occurrence of an Event of Default described in Section 14 (A) (5) or 14 (A) (6) hereof, the COUNTY 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 COUNTY and its counsel to protect the interests of the COUNTY 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 COUNTY is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the COUNTY 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 COUNTY. In order to entitle the COUNTY to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

15. DISBURSEMENT OF LOAN PROCEEDS

Loan proceeds shall be disbursed by wire transfer (pursuant to wiring instructions to be provided by Borrower) or check to Borrower, within fourteen (14) days after the COUNTY's receipt of Borrower's written request therefor, and receipt of the Pledge of Collateral, and at such time as the COUNTY receives an installment of the required CDBG funds from HUD and the COUNTY, and provided that (i) all the other conditions set forth in Section 6 above have been satisfied, and (ii) the COUNTY has not disapproved any such item or the amount indicated therefor. The COUNTY may disapprove any request for an item which it determines, in its sole and absolute discretion, violates or may violate any of the terms and conditions of this Agreement or the Laws, Regulations and Guidelines. In such case the COUNTY shall disburse the remainder of the request, subject to the terms and conditions set forth herein. Failure of the COUNTY to disapprove of any item in any request for disbursement shall not be construed as a representation, warranty, agreement or admission of the COUNTY that such disbursement complies with this Agreement or the Laws, Regulations and Guidelines, and Borrower shall remain responsible for assuring such compliance as provided

elsewhere in this Agreement. Unless the proceeds of the Loan are being used to reimburse Borrower for amounts expended for CDBG eligible costs, Borrower shall expend Loan proceeds immediately upon receipt and in no event later than seventy-two (72) hours after receipt thereof. Borrower must take the Initial Disbursement of Loan proceeds within ninety (90) days after the date of execution of this Agreement by the COUNTY.

16. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

Borrower agrees to pay or reimburse the COUNTY, upon demand by the COUNTY, for all reasonable out-of-pocket costs incurred by the COUNTY in connection with the enforcement of this Agreement, the Note, including without limitation, reasonable attorneys' fees and costs (i) if the COUNTY shall determine to utilize an attorney to collect any sums due under this Agreement or any other documents executed in connection with this Agreement following any default by Borrower, or (ii) if the COUNTY becomes a party or otherwise appears in any legal proceeding relating to this Agreement or any documents issued hereunder or in connection herewith, or (iii) if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the COUNTY is a creditor in such proceeding or otherwise.

17. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

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

18. RIGHT OF ACCESS AND INSPECTION

COUNTY 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 the COUNTY in its reasonable discretion determines that the Site is not being operated in conformity with this Agreement, or any Applicable Governmental Restrictions, the COUNTY may at its election, after notice to and consultation with the

Borrower and affording the Borrower ten (10) days after such notice to cure the matter. Inspection by the COUNTY of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by the COUNTY or the County of Los Angeles that there has been compliance with any terms or provisions of this Agreement.

19. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS OF BORROWER.

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

A. Organization and Standing. Borrower is a legal entity duly formed, qualified to operate in California and validly existing and in good standing in the State of California, and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Note, and all other documents executed in connection herewith.

B. Enforceability. This Agreement, the 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 Agreement and all other instruments to be executed in connection herewith is consistent with the applicable statutes, COUNTY codes, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's governing body and officers.

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 have been previously disclosed in writing to the COUNTY) which could impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could 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 14.

H. No Violations. The execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances there under 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 not under common ownership or is otherwise affiliated with any lender extending any Project Loan (as defined in the Note).

20. AMENDMENTS, CHANGES AND MODIFICATIONS

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

21. 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.

22. NOTICES

All notices to be given under this Agreement shall be in writing and shall be delivered personally, by Federal Express or other like overnight courier or by certified or registered United States Mail, return receipt requested. Any notice shall be effective upon delivery or refusal to accept delivery, if delivered personally, one (1) day after deposit with the overnight courier, if delivered by Federal Express or other like overnight courier, and two (2) days after mailing, if delivered by certified or registered United States Mail. Notices to the Borrower shall be sent to the following address:

Community Development Commission of the County of Los Angeles
Attn: Carlos Jackson, Executive Director
2 Coral Circle
Monterey Park, CA 91755

Notices, reports and statements to the COUNTY shall be delivered or sent to the following address:

Sachi A. Hamai, Executive Officer
Executive Office
County of Los Angeles
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

With a copy to:

Los Angeles County Counsel
Hall of Administration, Room 648
500 West Temple Street
Los Angeles, CA 90012
Attn: Eric Young, Esq., Principal Deputy

Each Party shall promptly notify the other Party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

23. SEVERABILITY

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

24. 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.

25. NO WAIVER; CONSENTS

Any waiver by the COUNTY 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 COUNTY to take action on

account of any default of Borrower. Consent by the COUNTY 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 the COUNTY's consent to be obtained in any future or other instance.

26. GOVERNING LAW

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

27. AUTHORITY AND ENFORCEABILITY

The Borrower warrants and represents that its execution hereof has been authorized by its organizational documents and the governing board(s) of its general partner(s), as appropriate, that the individual(s) executing this Agreement are authorized to do so, and this Agreement constitutes a legal, valid and binding obligation of Borrower. The Borrower further agrees to provide such documentation and an opinion of counsel, as requested by the COUNTY, with respect to such authority and enforceability.

28. LITIGATION AND COMPLIANCE

To Borrower's actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the COUNTY) 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.

29. **DEFAULT**

To Borrower's actual knowledge, there are no facts now in existence which would, with the giving of notice of the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 14.

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

"COUNTY"
COUNTY OF LOS ANGELES

By:_____
Zev Yaroslavsky
Chairman

Attest: Sachi A. Hamai
Executive Officer-Clerk of
The Board Of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

"BORROWER"
COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES.

By: _____
Carlos Jackson
Executive Director

Date: _____

APPROVED AS TO PROGRAM

By: _____
Cordé Carrillo
Director, Economic/Redevelopment

EXHIBIT A

PROMISSORY NOTE

For value received, the undersigned, the **Community Development Commission of the County of Los Angeles**, whose address is **2 Coral Circle, Monterey Park, CA 91755** ("Borrower"), promises to pay to the order of the County of Los Angeles ("COUNTY"), a public body corporate and politic, at 500 West Temple Street, Los Angeles, CA 90012, Attention: Executive Officer (or at such other address as the COUNTY may direct), the principal sum of Two Million Four-Hundred Thousand dollars ($2,400,000), or so much thereof as may be advanced hereunder from time to time, or on or before _____, 2007 , (the "Maturity Date"), together with interest on the outstanding principal amount hereof at the rate of one percent (1%) per annum. Interest on the outstanding principal hereof shall be payable in arrears commencing on the first day of the calendar month immediately following the calendar month during which sums are first advanced hereunder and thereafter on the 1st day of each succeeding month. Interest shall be computed on the basis of actual number of days and a 365-day year.

If a payment of interest not timely made remains overdue for a period of ten (10) days after the same becomes due and payable, Borrower, without notice or demand by the COUNTY or any other holder, shall pay a late charge in an amount equal to five percent (5%) of the delinquent interest owing (the "Late Charge"). Borrower agrees that an amount equal to the Late Charge is a reasonable estimate of the damage to the COUNTY or other holder in the event of late payment of interest under this Promissory Note.

This Promissory Note is made pursuant to the terms of the Loan Agreement dated as of _____, 2007, (the "Agreement") entered into between Borrower and the COUNTY, and is secured by U.S. Government Obligations, U.S. Agency Bonds, state or municipal bonds (A or better), Bank of America time deposits or mutual funds composed of the aforementioned investment instruments for the account of Borrower in favor of the COUNTY.

Borrower shall, upon demand by the COUNTY, pay to the COUNTY, Mandatory Prepayments (as hereinafter defined) of principal and interest at such times and in such amounts as the COUNTY may determine from time to time in its sole discretion. As used herein, "Mandatory Prepayments" means a demand for prepayment by the COUNTY for the partial or total prepayment of the principal and/or interest due on the loan evidenced by this Promissory Note. In the event of any Mandatory Prepayment, the COUNTY shall give Borrower ten (10) days to make required payment to the COUNTY.

Borrower shall also have the right to make optional prepayments, at any time, without penalty, upon at least ten (10) days prior written notice to the COUNTY.

Borrower agrees that it will still be liable for repayment of this Promissory Note, 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.

In the event of a default in the timely payment of principal and/or interest on this Promissory Note, and/or upon the occurrence of an Event of Default (as defined in the Agreement), the COUNTY may, subject to any applicable notice requirements set forth in the Agreement and among other remedies, declare the unpaid balance hereof, together with accrued interest hereon, to be immediately due and payable. Upon such declaration, outstanding principal and (to the extent permitted by law) interest shall thereafter bear interest at the annual rate of interest (the "Default Rate") equal to the lesser of (i) four percent (4%) above the rate of interest announced from time to time by Wells Fargo Bank, Downtown Los Angeles Branch (or, in the even that said bank is acquired or ceases operations, then by a successor bank or, if there is no successor bank, another established and financially secure institutional lender selected by the COUNTY), as its prime or reference rate, or (ii) the maximum rate of interest permitted to be paid to the COUNTY pursuant to any applicable usury law payable from the date of such declaration until paid in full.

It is the intention of Borrower and COUNTY to conform strictly to the usury laws that are applicable to this Promissory Note. This Promissory Note and any other agreements between Borrower and the COUNTY are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the COUNTY or the holder hereof exceed the maximum amount permissible under applicable usury laws. If under any circumstances fulfillment of any provision of this Promissory Note, the Agreement or any other agreement between Borrower and the COUNTY shall involve exceeding the limit of validity prescribed by the law, then the obligation to be fulfilled shall be reduced to the limit of such validity. All sums paid or agreed to be paid to the COUNTY or the holder, to the extent permitted by applicable law, and to the extent necessary to preclude exceeding the Limit of validity prescribed by law, shall be amortized, prorated, and allocated and spread from the date of disbursement of the proceeds of this Promissory Note until payment in full of this Promissory Note so that the actual rate of interest on account of such indebtedness is uniform throughout the term hereof.

Borrower is responsible for reimbursement to the COUNTY for all costs incurred in connection with the enforcement of this Promissory Note, including attorneys' fees and costs, whether or not suit is filed, as is further provided in Section 16 of the Agreement.

This Promissory Note shall be construed in accordance with and governed by the laws of the State of California. Borrower hereby submits to personal jurisdiction in Los Angeles County, California, for the enforcement of Borrower's obligations hereunder, and waives any defense to such jurisdiction, including, without limitation, any defense based on venue or inconvenient forum. Failure of the COUNTY to exercise any right or remedies hereunder shall not constitute a waiver of any future or other default. Amendments to this Promissory Note shall be in writing signed by the party against whom such amendment is sought to be enforced.

DATED AS OF:_____, 2007.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By:_____

_____
Its: Executive Director

Exhibit B

PLEDGE OF COLLATERAL AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call/Coll	Account	Officer	Initials
$2,400,000	XXX, 2007	XXX, 2010					

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: **Community Development Commission of the County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

Lender: **County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

THIS PLEDGE OF COLLATERAL AGREEMENT dated JULY XX, 2007, is made and executed between Community Development Commission of the County of Los Angeles ("Grantor") and the County of Los Angeles ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means Grantor's present and future rights, title and interest in and to, together with any and all present and future additions thereto, substitutions therefore, and replacements thereof, together with any and all present and future certificates ad/or instruments evidencing any Bonds and further together with all Income and Proceeds as described herein:

$2,400,000 of Union Bank of California Bonds, CUSIP NO. XXXXX . (Account No. 67363001002). Collateral to be renewed, extended or replaced until maturity of the Note.

REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

Right to Pledge. Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral.

Authority; Binding Effect. Grantor has the full right, power and authority to enter into this Agreement and to grant a security interest in the Collateral to Lender. This Agreement is binding upon Grantor as well as Grantor's successors and assigns, and is legally enforceable in accordance with its terms. The foregoing representations and warranties, and all other representations and warranties contained in this Agreement are and shall be continuing in nature and shall remain in full force and effect until such time as this Agreement is terminated or cancelled as provided herein.

No Further Assignment. Grantor has not, and shall not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements, if any, contained in the Collateral which are to be performed by Grantor.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Granter will promptly notify the Lender of such change.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. Lender may hold the Collateral until all Indebtedness has been paid and satisfied. Thereafter Lender may deliver the Collateral to Grantor or to any other owner of the Collateral. Lender shall have the following rights in addition to all other rights Lender may have by law:

Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including paying of any liens or claims against the Collateral. This may include such things as hiring other people, such as attorneys, appraisers or other experts. Lender may charge Grantor for any cost incurred in so doing. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. If the Collateral consists of stock, bonds or other investment property for which no certificate has been issued, Grantor agrees, at

Lender's request, either to request issuance of an appropriate certificate or to give instructions on Lender's forms to the issuer, transfer agent, mutual fund company, or broker, as the case may be, to record on its books or records Lender's security interest in the Collateral. Grantor also agrees to execute any additional documents, including but not limited to, a control agreement, necessary to perfect Lender's security interest as Lender may desire.

Income and Proceeds from the Collateral. Lender may receive all Income and Proceeds and add it to the Collateral. Grantor agrees to deliver to Lender immediately upon receipt, in the exact form received and without commingling with other property, all Income and Proceeds from the Collateral which may be received by, paid, or delivered to Grantor or for Grantor's account, whether as an addition to, in discharge of, in substitution of, or in exchange for any of the Collateral.

Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured.

Transactions with Others. Lender may (1) extend time for payment or other performance, (2) grant a renewal or change in terms or conditions, or (3) compromise, compound or release any obligation, with any one or more Obligors, endorsers, or Guarantors of the Indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender. This will be the case whether or not the office or branch where Grantor obtained Grantor's loan knows about the Collateral or relies upon the Collateral as security.

Collection of Collateral. Lender at Lender's option may, but need not, collect the Income and Proceeds directly from the Obligors. Grantor authorizes and directs the Obligors, if Lender decides to collect the Income and Proceeds, to pay and deliver to Lender all Income and Proceeds from the Collateral and to accept Lender's receipt for the payments.

Power of Attorney. Grantor irrevocably appoints Lender as Grantor's attorney-in-fact, with full power of substitution, (a) to demand, collect, receive, receipt for, sue and recover all Income and Proceeds and other sums of money and other property which may now or hereafter become due, owing or payable from the Obligors in accordance with the terms of the Collateral; (b) to execute, sign and endorse any and all instruments, receipts, checks, drafts and warrants issued in payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, execute and deliver Grantor's release and acquittance for Grantor; (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in Lender's own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable; and (e) to execute in Grantor's name and to deliver to the Obligors on Grantor's behalf, at the time and in the manner specified by the Collateral, any necessary instruments or documents.

Perfection of Security Interest. Upon Lender's request, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. Upon Lender's request, Grantor will sign and deliver any writings necessary to perfect Lender's security interest. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (A) any depreciation in value of the Collateral or the collection or protection of any Income and Proceeds from the Collateral, (B) preservation of rights against parties to the Collateral or against third persons, (C) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (D) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor or Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Declare all Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Collect the Collateral. Collect any of the Collateral and, at Lender's option and to the extent permitted by applicable law, retain possession of the Collateral while suing on the Indebtedness.

Sell the Collateral. Sell the Collateral, at Lender's discretion, as a unit or in parcels, at one or more public or private sales. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give or mail to Grantor, and other persons as required by law, notice at least ten (10) days in advance of the time and place of any public sale, or of the time after which any private sale may be made. However, no notice need to be provided to any person who, after an Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. Grantor agrees that any requirement of reasonable notice as to Grantor is satisfied if Lender mails notice by ordinary mail addressed to Grantor at the last address Grantor has given Lender in writing. If a public sale is held, there shall be sufficient compliance with all requirements of notice to the public by a single publication in any newspaper of general circulation in the county where the Collateral is located, setting forth the time and place of sale and a brief description of the property to be sold. Lender may be a purchaser at any public sale.

Sell Securities. Sell any securities included in the Collateral in a manner consistent with applicable federal and state securities laws. If, because of restrictions under such laws, Lender is unable, or believes Lender is unable, to sell the securities in an open market transaction, Grantor agrees that Lender will have no obligation to delay sale until the securities can be registered. Then Lender may make a private sale to one or more persons or to a restricted group of persons, even though such sale may result in a price that is less favorable than might be obtained in an open market transaction. Such a sale will be considered commercially reasonable. If any securities held as Collateral are "restricted securities" as defined in the Rules of the Securities and Exchange Commission (such as regulation D or Rule 144) or the rules of state securities departments under state "Blue Sky" laws, or if Grantor or any other owner of the Collateral is an affiliate of the issuer of the securities, Grantor agrees that neither Grantor, nor any member of Grantor's family, nor any other person signing this Agreement will sell or dispose of any securities of such issuer without obtaining Lender's prior written consent.

Rights and Remedies with Respect to Investment Property, Financial Assets and Related Collateral. In addition to other rights and remedies granted under this Agreement and under applicable law, Lender may exercise any or all of the following rights and remedies: (1) register with any issuer or broker or other securities intermediary any of the Collateral consisting of investment property or financial assets (collectively herein, "investment property") in Lender's sole name or in the name of Lender's broker, agent or nominee; (2) cause any issuer, broker or other securities intermediary to deliver to Lender any of the Collateral consisting of securities, or investment property capable of being delivered; (3) enter into a control agreement or power of attorney with any issuer or securities intermediary with respect to any Collateral consisting of investment property, on such terms as Lender may deem appropriate, in its sole discretion, including without limitation, an agreement granting to Lender any of the rights provided hereunder without further notice to or consent by Grantor; (4) execute any such control agreement on Grantor's behalf and in Grantor's name, and hereby irrevocably appoints Lender as agent and attorney-in-fact, coupled with an interest, for the purpose of executing such control agreement on Grantor's behalf; (5) exercise any and all rights of Lender under any such control agreement or power of attorney; (6) exercise any voting, conversion, registration, purchase, option, or other rights with respect to any Collateral; (7) collect, with or without legal action, and issue receipts concerning any notes, checks, drafts, remittances or distributions that are paid or payable with respect to any Collateral consisting of investment property. Any control agreement entered with respect to any investment property shall contain the following provisions, at Lender's discretion. Lender shall be authorized to instruct the issuer, broker or other securities intermediary to take or to refrain from taking such actions with respect to the investment property as Lender may instruct, without further notice to or consent by Grantor. Such actions may include without limitation the issuance of entitlement orders,

account instructions, general trading or buy or sell orders, transfer and redemption orders, and stop loss orders. Lender shall be further entitled to instruct the issuer, broker or securities intermediary to sell or to liquidate any investment property, or to pay the cash surrender or account termination value with respect to any and all investment property, and to deliver all such payments and liquidation proceeds to Lender. Any such control agreement shall contain such authorizations as are necessary to place Lender in "control" of such investment collateral, as contemplated under the provisions of the Uniform Commercial Code, and shall fully authorize Lender to issue "entitlement orders" concerning the transfer, redemption, liquidation or disposition of investment collateral, in conformance with the provisions of the Uniform Commercial Code.

Foreclosure. Maintain a judicial suit for foreclosure and sale of the Collateral.

Transfer Title. Effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Have and exercise any or all of the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, at law, in equity, or otherwise.

Application of Proceeds. Apply any cash which is part of the Collateral, or which is received from the collection or sale of the Collateral, to reimbursement of any expenses, including any costs for registration of securities, commissions incurred in connection with a sale, attorneys' fees and court costs, whether or not there is a lawsuit and including any fees on appeal, incurred by Lender in connection with the collection and sale of such Collateral and to the payment of the Indebtedness of Grantor to Lender, with any excess funds to be paid to Grantor as the interests of Grantor may appear. Grantor agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Collateral to the Indebtedness.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Grantor and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much as such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statue of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorney's Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Pledge of Collateral Agreement, as this Pledge of Collateral Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Pledge of Collateral Agreement from time to time.

Borrower. The word "Borrower" means Community Development Commission of the County of Los Angeles and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" means any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Community Development Commission of the County of Los Angeles.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Income and Proceeds. The words "Income and Proceeds" means all present and future income, proceeds, earnings, increases, and substitutions from or for the Collateral of every kind and nature, including without limitation all payments, interest, profits, distributions, benefits, rights, options, warrants, dividends, stock dividends, stock splits, stock rights, regulatory dividends, subscriptions, monies, claims for money due and to become due, proceeds of any insurance on the Collateral, shares of stock of different par value or no par value issued in substitution or exchange for shares included in the Collateral, and all other property Grantor is entitled to receive on account of such Collateral, including accounts, documents, instruments, chattel paper, and general intangibles.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means County of Los Angeles, its successors and assigns.

Note. The word "Note" means the Note executed by Community Development Commission of the County of Los Angeles in the principal amount of $2,400,000 dated July XX, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Obligor. The word "Obligor" means without limitation any and all persons obligated to pay money or to perform some other act under the Collateral.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS PLEDGE OF COLLATERAL AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JULY XX, 2007.

GRANTOR:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

By:_____
Carlos Jackson, Executive Director
Community Development Commission of the County of Los Angeles

EXHIBIT C

CONTROL AGREEMENT AND ACKNOWLEDGMENT OF PLEDGE AND SECURITY INTEREST

Principal	Loan Date	Maturity	Loan No.	Call/Coll	Account	Officer	Initials
$2,400,000	XXX, 2007	XXX, 2010				I.A.	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: **Community Development Commission of the County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

Lender: **County of Los Angeles**
2 Coral Circle
Monterey Park, CA 91755

TO: Union Bank of California, IS&M, Domestic Custody
Attn: Carmen Coniendo, Account Manager
475 Sansome Street, 15th Floor
San Francisco, CA 94111-3412

Date: XX-XX-07

NOTICE TO ISSUER

RE: Security Owner: Community Development Commission of the County of Los Angeles
Account Maintained by: Union Bank of California, IS&M, Domestic Custody
Account Number: 67363001002
Description of Security: $2,400,000.00 of Union Bank of California Bonds, CUSIP No. XXXX(Account No. 67363001002. Collateral to be renewed, extended or replaced until maturity of the Note.

DEAR MADAM OR SIR:

This is to notify you that pursuant to a Pledge of Collateral Agreement signed by the Community Development Commission of the County of Los Angeles (the "Owner(s)"), County of Los Angeles ("Lender") has been granted a security interest in the above described security or securities (the "Securities"), for which you are the issuer. You are hereby notified of Lender's security interest, including the provision that the Securities, including all dividends in stock, stock splits and other proceeds are not to be paid to anyone other than to Lender until and unless you receive further written notice from Lender. Any regular cash dividends may be paid to the Owner(s), subject to further instructions from Lender as provided below. This pledge will remain in full force and effect until Lender notifies you in writing to the contrary. Please acknowledge receipt of this notice by signing and returning the attached Control Agreement and Acknowledgment to Lender. This notice is dated XX, 2007.

Account Owner Authorization:

By:_____

CONTROL AGREEMENT AND ACKNOWLEDGMENT OF PLEDGE AND SECURITY INTEREST

We acknowledge receipt on XXX, 2007 of the above notice of Lender's security interest in the above-described Securities, and we will mark our records, by book-entry or otherwise, to indicate the pledge of, and Lender's security interest in, the Securities. To the best of our knowledge, and except for Lender's security interest or as noted below, and as of the date hereof (a) the Securities are identified on our books and records, by book-entry or otherwise, as being owned by Community Development Commission of the County of Los Angeles; (b) we have identified on our books and records the Securities as being pledged to the County of Los Angeles; (c) we have not confirmed any interest in the Securities to any persons other than to the Owner(s) and Lender; (d) our records do not indicate any adverse claims concerning the Securities nor do they indicate any person, other than Owner(s) and Lender, as having any interest in the Securities; (e) we have not created, nor have we received notice of any liens, claims or encumbrances with respect to the Securities, except to Lender; (f) we agree not to effect any transfer of the Owner(s)' interest in any of the Securities without Lender's prior written consent; (g) should we receive further written notice from Lender, we will hold the Securities and all dividends, distributions, and other proceeds relating to the Securities (whether in cash, securities or other property) subject to Lender's written instructions. We will comply with all written instructions originated by Lender concerning the Securities without further consent by the Owner(s).

Exceptions: _____

(Details of exceptions – if none, please state "None".)

RETURN TO:
Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Union Bank of California, IS&AM, Domestic Custody

By: _____
(Authorized Signer)