



Sean Rogan  
Executive Director

**HOUSING AUTHORITY  
of the County of Los Angeles**

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Gloria Molina  
Mark Ridley-Thomas  
Zev Yaroslavsky  
Don Knabe  
Michael D. Antonovich  
Commissioners

June 09, 2010

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

Dear Commissioners:

**ADOPT RESOLUTION AUTHORIZING THE REFUNDING OF MULTIFAMILY HOUSING  
MORTGAGE REVENUE BONDS FOR ROWLAND HEIGHTS APARTMENTS IN  
UNINCORPORATED ROWLAND HEIGHTS  
(FOURTH DISTRICT) (3 VOTES)**

**SUBJECT**

This letter recommends issuance of fixed interest rate Multifamily Housing Mortgage Revenue Refunding Bonds to refund prior variable interest rate bonds and to provide financing for additional rehabilitation for Rowland Heights Apartments, a 144-unit multifamily development located at 1945 Batson Avenue in unincorporated Rowland Heights. This letter relates to another item on the agenda for the Board of Supervisors.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt and instruct the Chair to sign a resolution authorizing the issuance, sale and delivery of Multifamily Housing Mortgage Revenue Refunding Bonds by the Housing Authority of the County of Los Angeles, as required under Section 147(f) of the Internal Revenue Code of 1986, in an aggregate amount not to exceed \$7,690,000 in tax-exempt and \$2,150,000 in taxable bonds to refund existing bonds and to finance additional rehabilitation of the Rowland Heights Apartments.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The issuance, sale and delivery of Multifamily Housing Mortgage Revenue Refunding Bonds will allow the Rowland Heights Preservation Limited Partnership (Developer) to pay off the existing variable interest rate tax-exempt bonds and replace the expiring letter of credit with fixed interest rate

**ADOPTED**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY

1-H

JUNE 9, 2010

SACHI A. HAMAI  
EXECUTIVE OFFICER

tax-exempt bonds. This action will allow the bonds to continue to qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986.

### **FISCAL IMPACT/FINANCING**

No County costs will be incurred. The Developer will repay the bonds solely through rent revenues, and will pay all fees and related costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On August 9, 2000, the Housing Authority issued Multifamily Housing Mortgage Revenue Bonds to finance, acquire, and rehabilitate the Rowland Heights Apartments. This 144-unit multifamily rental housing development has a minimum of 20% of the units set aside for households with incomes up to 50% of the area median income (AMI) for the Los Angeles-Long Beach Statistical Area (MSA), adjusted for family size, as defined by the U.S. Department of Housing Development. The affordability requirements remain in effect for a minimum of 55 years.

The issuance of new tax-exempt bonds in the amount of \$7,690,000 will allow the Developer to pay off the existing variable interest rate bonds and replace the existing letter of credit. The maturity date on the new bonds will extend the affordability of the project for five additional years, from August 1, 2030 to August 1, 2035.

The issuance of new taxable bonds in the amount of \$2,150,000 will allow the Developer to make additional improvements to the property.

On May 21, 2010, the Housing Authority conducted a hearing at its office located at 2 Coral Circle in Monterey Park, regarding the refunding of multifamily bonds for the development, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the refunding of the bonds or the nature and location of the project.

The attached resolution was prepared by Orrick, Herrington & Sutcliffe, LLP, Housing Authority Bond Counsel, and approved as to form by County Counsel.

### **ENVIRONMENTAL DOCUMENTATION**

This project is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Adoption of the resolution will authorize the issuance of the refunding bonds and enable the Developer to replace the expiring letter of credit and pay off the existing variable interest rate tax-exempt bonds with fixed interest rate tax-exempt bonds. The additional taxable bonds will allow the Developer to make necessary improvements to the property.

The Honorable Board of Supervisors

6/9/2010

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line extending to the right.

SEAN ROGAN

Executive Director

SR:jwr

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,690,000 TO REFUND BONDS ISSUED TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS ROWLAND HEIGHTS APARTMENTS PROJECT AND MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,150,000 TO FINANCE ADDITIONAL REHABILITATION OF THE PROJECT, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

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

WHEREAS, the Authority previously issued its Multifamily Housing Revenue Bonds (Rowland Heights Apartments) Series 2000A in the aggregate principal amount of \$8,790,000, \$7,690,000 aggregate principal amount of which remain outstanding (the “Prior Bonds”), to finance the acquisition and rehabilitation of a 144-unit multifamily housing project known as “Rowland Heights Apartments” (the “Project”); and

WHEREAS, Rowland Heights Preservation Limited Partnership, a California limited partnership, the owner of the Project, has requested that the Authority issue bonds to refund the Prior Bonds and to provide financing for additional rehabilitation of the Project; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of bonds to refund the Prior Bonds and to provide financing for additional rehabilitation of the Project; and

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

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

1. It is hereby found and determined that it is necessary and desirable for the Authority to refund the Prior Bonds and to provide financing for additional rehabilitation of the Project through the issuance and sale of the Bonds (as hereinafter defined).

2. To effectuate the refunding of the Prior Bonds, the Authority hereby determines to issue its Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A in an aggregate principal amount not to exceed \$7,690,000 (the “2010 Series A Bonds”), and to provide finance for additional rehabilitation of the Project, the Authority, hereby determines to issue its Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A-T in an aggregate principal amount not to exceed \$2,150,000 (collectively with the 2010 Series A Bonds, the “Bonds”). The Bonds shall bear interest at the interest rates set forth in or determined in accordance with a master pledge and assignment (the “Master Pledge and Assignment”), maturing as provided in the Master Pledge and Assignment, but not later than 30 years from the date of issue. The Bonds shall be in substantially the form set forth in the Master Pledge and Assignment, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Master Pledge and Assignment, which shall be appropriately completed when the Bonds are prepared. The Bonds shall be limited obligations of the Authority payable solely from the revenues, receipts and other moneys pledged therefor under the Master Pledge and Assignment.

3. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of this Board or the Executive Director of the Authority.

4. The proposed form of Master Pledge and Assignment, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Master Pledge and Assignment, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the Authority and Bond Counsel to the Authority (provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above or result in an initial interest rate on the Bonds in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Master Pledge and Assignment. The date, maturity dates, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the bonds shall be as provided in the Master Pledge and Assignment as finally executed.

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

6. The proposed form of Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority are each hereby authorized and directed, for and in the name and on behalf of the

Authority, to execute and deliver the Regulatory Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

7. This Board hereby appoints the Executive Director of the Authority or his or her Deputy or designee as administrator/manager with respect to the Project and other matters arising in connection with the Bonds (the “Administrator”).

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

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

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

11. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 9<sup>th</sup> day of June, 2010, by the following vote:

AYES: Supervisors Ridley-Thomas, Yaroslavsky, Knabe and Molina

NOES: NONE

ABSENT: Supervisor Antonovich

ABSTAIN: NONE

By: *Gloria Molina*  
Chair of the Board  
of Commissioners

ATTEST:

Sachi A. Hamai  
Executive Officer  
of the Board of Commissioners

By: *Sachelle Smitheman*  
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

By: *Behnaz Jashnkhan*  
Deputy

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105  
Attention: Stephen Spitz, Esq.

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**AMENDED AND RESTATED REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

By and Between

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

and

ROWLAND HEIGHTS PRESERVATION LIMITED PARTNERSHIP

\_\_\_\_\_  
Dated as of June 1, 2010  
\_\_\_\_\_

Relating to:

**THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS  
(ROWLAND HEIGHTS APARTMENTS) 2010 SERIES A**

and

**THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
MULTIFAMILY HOUSING REVENUE BONDS  
(ROWLAND HEIGHTS APARTMENTS) 2010 SERIES A-T**

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This Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants amends and restates in its entirety that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2000 among The Housing Authority of the County of Los Angeles, U.S. Bank Trust National Association, as trustee, and Rowland Heights Preservation Limited Partnership, a California limited partnership, recorded on August 9, 2000 as Document No. \_\_\_\_\_ in the official records of the County of Los Angeles, California.

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AMENDED AND RESTATED REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS

THIS AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Regulatory Agreement") is made and entered into as of June 1, 2010, by and between THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, CALIFORNIA, a public body corporate and politic duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "Issuer") and ROWLAND HEIGHTS PRESERVATION LIMITED PARTNERSHIP, a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the "Borrower").

WITNESSETH:

WHEREAS, the Issuer has previously issued The Housing Authority of the County of Los Angeles Multifamily Housing Mortgage Revenue Bonds (Rowland Heights Apartments) Series 2000A in the aggregate principal amount of \$8,790,000 (the "Prior Bonds") pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "Act"), the proceeds of which were utilized to fund a loan to the Borrower to finance the acquisition and rehabilitation of a 144-unit multifamily rental housing project known as Rowland Heights Apartments, located on the real property site described in Exhibit A hereto (the "Project");

WHEREAS, the Issuer has determined to assist the Borrower in refinancing the Project and in providing financing for additional rehabilitation of the Project by issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A in the aggregate principal amount of \$7,690,000 (the "Series A Bonds") and The Housing Authority of the County Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A-T in the aggregate principal amount of [\$2,150,000] (collectively with the Series A Bonds, the "Bonds"), the proceeds of which will be used to fund a loan (the "Loan") to the Borrower in order to refund the Prior Bonds and for the cost of additional rehabilitation of the Project;

WHEREAS, the Bonds will be secured by a Master Pledge and Assignment dated the date hereof (the "Pledge and Assignment") among the Issuer, U.S. Bank National Association (the "Agent") and U.S. Bank National Association, and its successors in interest, as holder of the Bonds (the "Holder");

WHEREAS, the Agent and the Borrower have entered into a Loan Agreement, dated as of June 1, 2010 (the "Loan Agreement"), providing for the terms and conditions under which the Loan will be made to the Borrower to finance and refinance the acquisition, rehabilitation and development of the Project;

WHEREAS, there has previously been recorded with respect to the Project a Regulatory Agreement and Declaration of Restrictive Covenants dated as of August 1, 2000 (the "Original Regulatory Agreement") among the Issuer, U.S. Bank Trust National Association, as trustee, and the Borrower, recorded on August 9, 2000 as Document No. \_\_\_\_\_ in the official records of the County of Los Angeles;

WHEREAS, this Regulatory Agreement is intended to amend and restate in its entirety, the Original Regulatory Agreement;

WHEREAS, in order to assure the Issuer and the owners of the Series A Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), and to satisfy the public purposes for which the Bonds are authorized to be issued under the Act, and to satisfy the purposes of the Issuer in determining to issue the Bonds, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

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

Section 1. [Definitions and Interpretation](#). Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1 or in the Pledge and Assignment.

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in Regulations Section 1.167(k)-3(b)(3) in effect as of the Closing Date.

“Administrator” means the Issuer or any administrator or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed.

“Affordable Rents” means a monthly rent (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) which does not exceed 30 percent of 50 percent of one-twelfth of the Area median income, adjusted for family size as established under Section 8 of the United States Housing Act of 1937, as amended, based upon the following household sizes for various types of residential units in the Project:

<u>Type of Unit</u>	<u>Assumed Household Size</u>
Studio	1 person
One bedroom	2 persons
Two bedrooms	3 persons
Three bedrooms	4 persons
Four bedrooms	5 persons

“Area” means the Los Angeles, California Primary Metropolitan Statistical Area.

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

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Issuer, the Administrator and the Trustee pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Issuer to the Borrower.

“Closing Date” means the date of the issuance and delivery of the Prior Bonds, being August 9, 2000.

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

“Income Certification” means a Verification of Income and an Occupancy Certificate in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Borrower.

“Original Regulatory Agreement” – The Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2000, among the Issuer, U.S. Bank Trust National Association, as trustee, and the Borrower, recorded on August 9, 2000 as Document No. \_\_\_\_\_ in the official records of the County of Los Angeles, executed in connection with the issuance of Prior Bonds.

“Project” means the multifamily rental housing development known as Rowland Heights Apartments, located on the real property site described in Exhibit A hereto, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as may at any time exist, the acquisition of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“Qualified Project Period” means the period beginning on the Closing Date and ending on the later of the following:

- (A) the date which is fifteen (15) years after the Closing Date;
- (B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding;
- (C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or
- (D) such later period as set forth in Section 7 of this Regulatory Agreement.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement, as it may be supplemented and amended from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Series A Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Verification of Income” means a Verification of Income in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Borrower.

“Very Low Income Tenant” means any tenant (i) whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of very low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as very

low income shall be fifty percent (50%) of median gross income for the Area with adjustments for family size; and (ii) whose income does not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the Housing Act, or who otherwise qualify as very low income households as defined by Section 50105 of the California Health and Safety Code. If all the occupants of a unit are students (as defined under Section 151(e)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a tenant's status as a Very Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such tenants, on the basis of an Income Certification executed by the tenant.

“Very Low Income Units” means the units in the Project required to be rented, or held available for occupancy, by Very Low Income Tenants pursuant to Sections 4(a), 6(a), 6(b) and 7(a) of this Regulatory Agreement.

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

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. [Representations, Covenants and Warranties of the Borrower.](#)

(a) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate and the Loan Agreement.

(b) The Borrower hereby represents and warrants that the Project is located entirely within the County of Los Angeles, California.

(c) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Bonds to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds to assist the Borrower in acquiring, constructing and developing the Project.

Section 3. [Qualified Residential Rental Project.](#) The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential

rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, rehabilitated and operated for the purpose of providing multifamily residential rental property. The Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project are similarly constructed units, and each dwelling unit in the Project contains complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units in the Project (except for not more than two units set aside for resident manager or other administrative use) will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come, first-served basis, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Very Low Income Tenants.

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

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

Section 4. [Very Low Income Tenants: Reporting Requirements](#). Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period no less than 20% of the total number of completed units in the Project shall at all times be rented to and occupied by Very Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Very Low Income Tenant is treated as rented and occupied by a Very Low Income Tenant until reoccupied, other

than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Very Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Very Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. Until such next available unit is rented, the former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant for purposes of the twenty percent (20%) requirement of Section 4(a) hereof.

(c) For the Qualified Project Period, the Borrower will obtain, complete and maintain on file Income Certifications for each Very Low Income Tenant, including (i) an Income Certification dated, with respect to existing Very Low Income Tenants, within 60 days after the date that the Borrower acquires the Project and, with respect to new Very Low Income Tenants, immediately prior to the initial occupancy of such Very Low Income Tenant in the Project, and (ii) thereafter, an annual Income Certification with respect to each Very Low Income Tenant; provided that such certification with respect to any tenant shall in no case cover a period greater than one year. The Borrower will provide such additional information as may be required in the future by the Code, the State or the Issuer, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Very Low Income Tenants commencing or continuing occupation of a Very Low Income Unit shall be attached to each report to be filed with the Issuer pursuant to paragraph (e) of this Section 4.

The Borrower shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(d) The Borrower will maintain complete and accurate records pertaining to the Very Low Income Units, and will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units.

(e) The Borrower will prepare and submit to the Issuer, the Administrator, if applicable, and the Trustee, no later than the fifteenth day of each calendar quarter, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project that were occupied or deemed occupied pursuant to subsection (a) hereof, by Very Low Income Tenants during the preceding calendar quarter; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Mortgage, or (B) a default has occurred, in which event the certificate shall describe the

nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default.

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Mortgage. All leases pertaining to Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Very Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the Verification of Income and supporting information supplied by the Very Low Income Tenant in determining qualification for occupancy of the Very Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification such tenant's Adjusted Income exceeds the applicable income limit under Section 4(b), such tenant may cease to qualify as a Very Low Income Tenant and such tenant's rent may be subject to increase.

Section 5. [Tax-Exempt Status of the Series A Bonds](#). The Borrower and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Issuer will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Series A Bonds and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and, to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 6. [Additional Requirements of the Act](#). In addition to the requirements set forth above, the Borrower hereby agrees that it shall comply with each of the requirements of the Act applicable to the project without limiting the foregoing, the Borrower agrees as follows:

(a) Not less than 20% of the total number of units in the Project shall be available for occupancy on a priority basis by "persons of low income" as defined in Section 34213 of the Act.

(b) The rental payments for the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public

agency to those tenants or on behalf of those units) shall not exceed 30% of an amount equal to 50% of the median adjusted gross income for the Area.

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

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

(e) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy until the Bonds are retired.

(f) [The Borrower and the Issuer agree to comply with Section \_\_\_ of the Loan Agreement pertaining to the limited distribution requirements for the term of the Interest Reduction Payments Agreement (IRP Agreement).]

Section 7. [Additional Requirements of the Issuer](#). In addition to the requirements set forth above and to the extent not prohibited thereby, the Borrower hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) Not less than 20% of the units in the Project shall be available on a priority basis for occupancy by Very Low Income Tenants paying rents not to exceed Affordable Rents. The requirements of this Section and Sections 4(a) and 6(a) are not cumulative, but each must be satisfied.

(b) The Borrower will pay to the Issuer all of the amounts required to be paid to the Issuer pursuant to the Loan Agreement, and will indemnify the Issuer and the Agent as provided in Section 13.2 of the Loan Agreement and Section 9 hereof.

(c) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer.

(d) The Borrower shall submit to the Issuer, (i) not later than the fifteenth (15th) day after the close of each calendar year, a statistical report in the form set forth as [Exhibit D](#) hereto, or such other form as may be prescribed by the Issuer, setting forth the information called for therein, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including without limitation information necessary for the Issuer to file the annual report required by Section 8855.5 of the California Government Code.

(e) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(f) Each of the requirements of Sections 3, 4 and 6 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by California or federal law, and shall be in force for the Qualified Project Period.

(g) The Borrower shall comply with the conditions set forth in Exhibit A-2 that certain CDLAC Resolution No. 00-79 relating to the Project and adopted on April 26, 2000, as amended on June 21, 2000 (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to CDLAC, not later than each anniversary of the Closing Date, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance, in substantially the form attached hereto as Exhibit C-2, executed by an authorized representative of the Borrower. The Issuer and the Administrator shall have no obligation to monitor the Borrower's compliance with the CDLAC Conditions

(h) The Borrower acknowledges that the Issuer may appoint an Administrator other than the Issuer (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer.

(i) The Borrower shall pay to the Issuer an annual Issuer fee, in an amount equal to \$12,300, which fee shall be payable by the Borrower to the Agent, for the account of the Issuer, in advance on each September 1 (commencing September 1, 2010 and continuing through the termination of this Regulatory Agreement). The Borrower shall also pay to the Agent for the account of the Issuer, within thirty (30) days after receipt of request for payment thereof from the Agent or the Issuer, all reasonable out-of-pocket expenses of the Issuer (not including salaries and wages of Issuer employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bonds, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Series A Bond yield) the Issuer's fees, unless such prepayment is made in connection with a refunding of the Bonds.

Any of the foregoing requirements of the Issuer (except (g) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer, in its sole discretion, in writing, but (i) no waiver by the Issuer of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer has received an Opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a Opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Series A Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 8. [Modification of Covenants](#). The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Agent and the Borrower, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Agent and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, at its sole discretion, the Agent and the Borrower, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Series A Bonds or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Borrower shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the Borrower hereby appoints the Issuer as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c).

Section 9. [Indemnification; Other Payments](#). The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Issuer and the Agent and their respective officers, members, directors, officials, employees and agents as set forth in the Loan Agreement.

To the extent not included in the indemnification provisions of the Loan Agreement, the Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Agent from (i) any lien or charge (other than income taxes payable on fees paid to Trustee or any other party) upon payments by the Borrower to the Issuer and the Trustee hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Agent in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer or the Agent shall give prompt notice to the Borrower and the Borrower shall have the right to assume the defense thereof in accordance with the provisions of the Loan Agreement. In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof.

The provisions of this Section 9 shall survive the term of the Bonds and this Regulatory Agreement; provided, however, the provisions of this Section shall, in the case of the Agent, survive the term of this Regulatory Agreement or the resignation or removal of the Agent, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Agent's tenure as Agent under the Pledge and Assignment, and shall, in the case of the Issuer, survive the term of this Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

Section 10. [Consideration](#). The Issuer has agreed to issue the Bonds to provide funds to lend to the Borrower to finance the Project, all for the purpose, among others, of inducing the Borrower

to acquire and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. [Reliance](#). The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, in the exemption from California personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the Series A Bonds. In performing their duties and obligations hereunder, the Issuer and the Administrator may rely upon statements and certificates of the Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer hereunder in good faith and in conformity with such opinion.

Section 12. [Sale or Transfer of the Project](#). For the Qualified Project Period, the Borrower shall not, except as provided below, sell, transfer or otherwise voluntarily dispose of the Project, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the Issuer has received evidence, reasonably acceptable to the Issuer, that (1) the Borrower shall not be in default hereunder or under the Loan Agreement (which may be evidenced by a Certificate of Continuing Program Compliance) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Very Low Income Units; and (4) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the purchaser or assignee of any document reasonably requested by the Issuer with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and, if the Bonds are outstanding at the time of transfer, the Loan Agreement, including without limitation an instrument of assumption hereof and thereof, and delivery to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer of an opinion of Bond Counsel to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Series A Bonds; and (D) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer. The written consent of the Issuer to any transfer of the Project shall constitute conclusive evidence that the transfer is not in violation of this Section 12. The consent of the Issuer shall not be required at any time that an interest in the Borrower or in the Project is transferred to a new general partner that is an affiliate of the initial general partner or to a tax equity partner, as allowed under the Loan Agreement. Upon any sale or other transfer that complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project. Except as otherwise provided herein, any

transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 12.

For the Qualified Project Period, the Borrower shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except pursuant or subordinate to the provisions of this Regulatory Agreement and the Mortgage (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Series A Bonds, or except upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement; (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. [Term](#). This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and discharge of the Pledge and Assignment and the Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Issuer from enforcing such provisions, or condemnation or foreclosure, transfer of title by deed in lieu of foreclosure, or a similar event, but only if, within a reasonable period, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer and the Borrower upon receipt by the Issuer of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. [Covenants to Run With the Land](#). Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire without the necessity of further action. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall

conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. [Burden and Benefit](#). The Issuer and the Borrower hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 16. [Uniformity; Common Plan](#). The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. [Default; Enforcement](#). If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer or the Trustee to the Borrower, or for a period of 60 days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Issuer or the Trustee (as directed by the Issuer, subject to the provisions of the Indenture) acting on its own behalf or on behalf of the Issuer, shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Series A Bonds. The Issuer and the Trustee shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Following the declaration of an Event of Default hereunder, the Issuer or the Trustee, at the direction of the Issuer, subject to the provisions of the Indenture, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) require the Borrower to pay to the Issuer an amount equal to the excess rent or other amounts received by the Borrower for any units in the Project that were in violation of this Regulatory Agreement during the period such violation continued (which payment shall not reduce the amount due under the Loan);

(iv) declare a default under the Loan Agreement and proceed with any remedies provided therein; and

(v) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

In addition, during the Qualified Project Period, the Borrower hereby grants to the Issuer the option, upon the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 17 of the Borrower's default under this Regulatory Agreement, to lease up to 20% of the units in the Project for the purpose of subleasing such units to Very Low Income Tenants, but only to the extent necessary to comply with the provisions of Sections 3, 4, 6 and 7. The option granted in the preceding sentence shall be effective only if the Borrower has not instituted corrective action within such 60-day period. Such option shall be exercisable first with respect to units which are vacant at the time of exercise of this option and shall be exercised with respect to occupied units only to the extent that subleasing of additional units is necessary in order to bring the Project into compliance with the provisions of Sections 3, 4, 6 and 7, and any eviction carried out in connection with the exercise of such option shall be carried out in compliance with applicable laws. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower or the Issuer, of compliance with the requirements of Sections 3, 4, 6 and 7, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent efforts to rent Very Low Income Units to Very Low Income Tenants for monthly rental amounts equivalent to those collected from tenants of similar units in the Project, or such lesser maximum amounts as may be permitted by Section 6(b) hereof, but shall not be required to obtain such rental amounts. The Issuer shall seek to rent such units for the highest possible rents that may be charged, consistent with the rent and occupancy restrictions of this Regulatory Agreement. Tenant selection shall be performed utilizing the Borrower's reasonable management and selection policies. The Issuer subleases to Very Low Income Tenants pursuant to this paragraph shall not exceed six months in term and shall expressly permit the Borrower to increase the rents to the maximum amounts as may be permitted by Section 6(b) hereof for the respective households at the time the Borrower assumes the Issuer's position hereunder. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer has been reimbursed for any expenses incurred in connection with such sublease. All rents received by the Issuer from such subleases, less the Issuer's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the Issuer for the benefit of the Borrower. The Issuer agrees to allow the Borrower access to the Issuer's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses of the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid the lien of the Mortgage or any other mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

Promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer shall, by written notice, inform the Agent that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable.

Section 18. [\[Reserved\]](#).

Section 19. [Recording and Filing](#). (a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Issuer or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) Except in the case of a foreclosure, deed in lieu of foreclosure or comparable involuntary conversion of the First Deed of Trust Loan, the Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. [Payment of Fees](#). Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Pledge and Assignment, the Borrower shall continue to pay to the Issuer and Agent all fees, losses and expenses required under the Loan Agreement and the Pledge and Assignment as provided therein.

Section 21. [Governing Law](#). This Regulatory Agreement shall be governed by the laws of the State of California.

Section 22. [Amendments; Waivers](#). (a) Except as provided in Section 8(a) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles, and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Series A Bonds and is not contrary to the provisions of the Act.

(b) Anything to the contrary contained herein notwithstanding, the Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Series A Bonds remain Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement and the Agent of the proposed amendment, with a copy of such requested amendment to Bond Counsel and a request that Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Series A Bonds. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. [Notices](#). All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified or registered mail, postage prepaid, addressed as follows:

Issuer: The Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755  
Attention: Gregg Kawczynski, Manager,  
Housing Development and Preservation Division

Agent: U.S. Bank National Association  
633 West 5th Street, 29th Floor  
MC: LM-CA-T29R  
Los Angeles, CA 90071

Borrower: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

A copy of each notice sent by or to the Borrower shall also be sent to the manager of the Project at such address as provided by the Borrower to the Administrator; but such copy shall not constitute notice to the Borrower, nor shall any failure to send such copy constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Borrower. The Issuer, the Administrator, the Trustee and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day.

Section 24. [Severability](#). If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. [Multiple Counterparts](#). This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. [Limitation on Liability](#). Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the

Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the Revenues, including the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture, any rights of the Borrower under the Indenture or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Indenture or any agreement securing the obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 27. [Third-Party Beneficiary](#). CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholders.

Section 28. [Regulatory Agreement As Replacement](#). The parties hereto acknowledge and agree that the provisions of this Regulatory Agreement amend and restate in full the provisions of the Original Regulatory Agreement. The parties hereto hereby agree that the provisions contained in this Regulatory Agreement shall supersede and replace in full the provisions of the Original Regulatory Agreement and such agreement is terminated and shall have no further force or effect.

IN WITNESS WHEREOF, the Issuer and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, as Issuer

By \_\_\_\_\_  
Executive Director

Approved as to form:  
ANDREA SHERIDAN ORDIN, County Counsel

\_\_\_\_\_  
Deputy

ROWLAND HEIGHTS PRESERVATION LIMITED PARTNERSHIP, a California limited partnership

By: Jamboree Housing Corporation,  
its managing General Partner

By: \_\_\_\_\_

By: Rowland Heights Preservation Partners LLC,  
its administrative general partner

By: \_\_\_\_\_

U.S. Bank National Association, successor in interest to U.S. Bank Trust National Association, trustee under the Original Regulatory Agreement, hereby consents to this Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants:

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Authorized Signatory

**[Attach Notary Acknowledgements]**

**EXHIBIT A**

DESCRIPTION OF REAL PROPERTY  
RELATING TO THE PROJECT

**EXHIBIT B**

[FORM OF INCOME CERTIFICATION]

VERIFICATION OF INCOME

RE: [Name of Project]  
[Address of Project]

Apartment Number: \_\_\_\_\_. Initial Occupancy Date: \_\_\_\_\_.

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
	Head of Household			
	Spouse			

6. The anticipated income of all the above persons during the 12-month period beginning this date, including income described in (a) below, but excluding all income described in (b) below, is \$\_\_\_\_\_.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions;

(ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) casual, sporadic or irregular gifts;

(ii) amounts which are specifically for or in reimbursement of medical expenses;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to a student or an educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

(xi) payments received under the Alaska Native Claims Settlement Act;

(xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(xiv) payments received from the Job Partnership Training Act;

(xv) income derived from the disposition of funds of the Grand River Band of Ottawa Indians; and

(xvi) the first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

(a) the total value of all such assets owned by all such persons: \$\_\_\_\_\_, and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$\_\_\_\_\_.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes \_\_\_\_\_ No \_\_\_\_\_

We acknowledge that all of the foregoing information is relevant to the status under federal income tax law of the interest on bonds issued to finance the acquisition and rehabilitation of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

We declare under penalty of perjury that the foregoing is true and correct.

Date: \_\_\_\_\_

\_\_\_\_\_  
Head of Household

\_\_\_\_\_  
Spouse

**FOR COMPLETION BY PROJECT OWNER ONLY:**

I. Calculation of eligible income:

- (A) Enter amount entered for entire household from 6 above: \$ \_\_\_\_\_
- (B) If the amount entered in 7(a) above is greater than \$5,000, enter:
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ \_\_\_\_\_
- (ii) the amount entered in 7(b) above: \$ \_\_\_\_\_
- (iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$ \_\_\_\_\_
- (C) TOTAL ELIGIBLE INCOME: \$ \_\_\_\_\_  
(Line I(A) plus line I(B)(iii))

II. Qualification as individuals or a family of Very Low Income:

- (A) Is the amount entered in line I(C) less than 50% of median gross income for the Area?

Yes \_\_\_\_\_ No \_\_\_\_\_

(B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of Very Low Income; go to item III.

(ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of Very Low Income; go to item III.

(iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of Very Low Income; go to item III.

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of Very Low Income.

III. Tenant Eligibility (Check one)

The household does not qualify as individuals or a family of Very Low Income. \_\_\_\_\_.

The household qualifies as individuals or a family of Very Low Income. \_\_\_\_\_.

IV. Number of apartment unit assigned: \_\_\_\_\_  
(enter here and on page one)

---

Borrower

NOTE TO PROJECT OWNER: A vacant unit previously occupied by individuals or a family of Very Low Income, may be treated as occupied by individuals or a family of Very Low Income until reoccupied, other than for a period of 31 consecutive days or less, at which time the character of the unit shall be redetermined.

OCCUPANCY CERTIFICATE

(To be filed with the Administrator along with a Verification of Income  
upon the rental of a unit in the Project.)

Project: ROWLAND HEIGHTS APARTMENTS

The tenant identified in the attached Verification of Income has entered into a lease with respect to a unit in the above-described Project.

Such tenant is / is not (*circle one*) a Very Low Income Tenant.

The rental of a unit to such tenant will not result in a violation of any of the requirements of the Loan Agreement or the Regulatory Agreement to which the Borrower is a party.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Borrower

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**

[FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE]

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this \_\_ day of \_\_\_\_\_, 19\_\_, the undersigned, having borrowed certain funds from THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project"), does hereby certify that:

1. During the preceding month (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, (ii) \_\_\_% of the units in the Project were occupied by Very Low Income Tenants (minimum of 40%).

Set forth below are the names of Very Low Income Tenants who commenced or terminated occupancy during the preceding month.

<u>Commenced Occupancy</u>	<u>Terminated Occupancy</u>
1.	1.
2.	2.
3.	3.

The units occupied by Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Very Low Income Tenants, the size, the number of bedrooms of such units and the number of Very Low Income Tenants who commenced occupancy of units during the preceding month.

2. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the First Deed of Trust.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows:  
\_\_\_\_\_.

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: \_\_\_\_\_

\_\_\_\_\_  
Borrower



**EXHIBIT C-2**

[FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE]

CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Witnesseth that on this \_\_\_ day of \_\_\_\_\_, \_\_, the undersigned, having borrowed certain funds from the California Statewide Communities Development Authority (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project") located in the County Los Angeles, California, does hereby certify that:

1. [The Borrower is in compliance with the CDLAC Conditions (as defined in the Regulatory Agreement relating to the Project).] [The Borrower is not in compliance with Condition No. \_\_\_\_ of the CDLAC Conditions. The following measures are being taken to remedy such noncompliance \_\_\_\_\_.]
2. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: \_\_\_\_\_  
Borrower

**EXHIBIT D**

**STATISTICAL REPORT TO ISSUER**

STATISTICAL REPORT TO ISSUER

Reporting Period: \_\_\_\_\_, \_\_\_\_\_. Date: \_\_\_\_\_

As of the date hereof:

1. Total units: \_\_\_\_\_; units occupied by Very Low Income Tenants: \_\_\_\_\_; \_\_\_\_\_; vacant units most recently occupied by Very Low Income Tenants: \_\_\_\_\_; other vacant units: \_\_\_\_\_.

2. Total units occupied by households with children, to the extent such information has been provided by tenants: \_\_\_\_\_; Very Low Income Units so occupied: \_\_\_\_\_;

3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: \_\_\_\_\_; Very Low Income Units so occupied: \_\_\_\_\_;

4. The number of Very Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is \_\_\_\_\_.

5. The number of units rented to new Very Low Income Tenants during the last twelve (12) month period is \_\_\_\_\_.

6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Very Low Income Unit are listed on the schedule attached hereto.

7. The number of Very Low Income Units of various sizes is:

- studio:
- one-bedroom:
- two-bedroom:
- three-bedroom:

ROWLAND HEIGHTS PRESERVATION LIMITED  
PARTNERSHIP

By \_\_\_\_\_  
Borrower Representative

---

**MASTER PLEDGE AND ASSIGNMENT**

**among**

**THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,  
as Issuer**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Agent**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Holder**

**Dated as of June 1, 2010**

**Relating to**

**\$7,690,000**

**The Housing Authority of the County of Los Angeles  
Multifamily Housing Revenue Refunding Bonds  
(Rowland Heights Apartments)  
2010 Series A**

**and**

**[\$2,150,000]**

**The Housing Authority of the County of Los Angeles  
Multifamily Housing Revenue Bonds  
(Rowland Heights Apartments)  
2010 Series A-T**

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## **MASTER PLEDGE AND ASSIGNMENT**

THIS MASTER PLEDGE AND ASSIGNMENT, dated as of June 1, 2010 (this “Pledge and Assignment”), from THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic of the State of California (the “Issuer”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association (the “Agent”), as agent under and pursuant to that certain Master Agency Agreement dated as of June 1, 2010 (the “Agency Agreement”) between the Issuer and the Agent, to U.S. BANK NATIONAL ASSOCIATION, a national banking association, as initial holder of the Bonds described herein, and any successors and assigns (the “Holder”).

### ***WITNESSETH:***

WHEREAS, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) authorizes the Issuer to issue revenue bonds to finance and refinance the acquisition, rehabilitation and development of multifamily rental housing projects to be occupied in whole or in part by persons of very low income and to dedicate the revenue from such projects to the repayment of such bonds and to take such action and do all things that may be necessary or appropriate to carry out the powers and duties specifically granted to the Issuer by the Act;

WHEREAS, the Issuer is authorized by the Act to make loans to any person, firm, partnership or corporation licensed to do business in the State of California in furtherance of the purposes and activities stated in the Act;

WHEREAS, the Issuer has previously issued its The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2000 Series A (the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of August 1, 2000 (the “Prior Indenture”), between the Issuer and U.S. Bank Trust National Association, as succeeded by U.S. Bank National Association, as trustee (the “Prior Trustee”), the proceeds of which Prior Bonds were loaned to the Rowland Heights Preservation Limited Partnership, a California limited partnership (the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2000 (the “Prior Loan Agreement”), among the Issuer, the Borrower and the Prior Trustee (the “Prior Loan”), to finance the acquisition and rehabilitation of a 144-unit multifamily residential rental housing project located in the Rowland Heights area of unincorporated Los Angeles County, commonly known as Rowland Heights Apartments (the “Project”);

WHEREAS, the Issuer has determined to assist the Borrower in refinancing the Project, and is concurrently herewith, issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A, in the aggregate principal amount of \$7,690,000 (the “Series A Bonds”), and to assist the Borrower in financing additional rehabilitation of the Project, and is concurrently herewith, also issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A, in the aggregate principal amount of [\$2,150,000] (the “Series A-T” and, together with the Series A Bonds, the “Bonds”), the proceeds of which Bonds will be advanced by the Agent for the account of the Issuer, to the

Borrower, for the purpose of funding a loan (the "Loan") to the Borrower to be used, directly or indirectly to prepay the Prior Loan, discharge the Prior Mortgage (as defined herein) and refund the Prior Bonds and to pay the cost of additional rehabilitation of the Project;

WHEREAS, the Bonds evidence the obligation to repay the advances to be made hereunder by the Holder to the Agent for the account of the Issuer;

WHEREAS, the Loan will be made to the Borrower by the Agent for the account of the Issuer pursuant to that certain Loan Agreement (the "Loan Agreement"), dated as of June 1, 2010, by and between the Agent (for the account of the Issuer) and the Borrower;

WHEREAS, the Borrower's obligation to repay the Loan will be evidenced by that certain [Tax-Exempt Promissory Note] (the "Series A Note") and that certain [Taxable Promissory Note] (the "Series A-T Note" and, collectively with the Series A Note, the "Notes"), each made by Borrower to the order of the Agent for the account of the Issuer, as further described herein, and secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Mortgage"), dated as of June 1, 2010, executed by the Borrower, as trustor, for the benefit of the Agent, in its capacity as agent for the Issuer, as beneficiary;

WHEREAS, the Holder, as a condition to its purchase of the Bonds, has required that the Issuer and the Agent execute and deliver this Pledge and Assignment;

WHEREAS, the Issuer has determined that the issuance and sale of the Bonds and the application of the proceeds of the Bonds to fund the Loan, will facilitate the financing and refinancing of the Project and will accomplish a valid public purpose of the Issuer;

NOW, THEREFORE, as an inducement to the Holder to purchase the Bonds, as provided herein, and as an inducement to the Agent, as agent for the Issuer and for the account of the Issuer, to make and disburse the proceeds of the Bonds to make the Loan as provided herein, and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Agent, in order to secure the due and punctual payment of the Bonds and other sums due the Holder hereunder or thereunder, do hereby pledge, grant, bargain, sell, convey, assign, mortgage and transfer, and grant a security interest in, all of the Issuer's and the Agent's right, title and interest in and to the following described property, whether real or personal (the "Collateral"), to the Holder; provided, however, that this Pledge and Assignment and the agreements and covenants made hereunder shall not be construed to constitute a general obligation of the Issuer or the Agent, and any obligations hereunder are limited obligations of the Issuer and the Agent to be paid and satisfied solely from the following described Collateral:

- (i) the Loan, including without limitation, the Notes, the Mortgage and all other Loan Documents (as hereinafter defined) to which either the Issuer or the Agent now is, or hereafter may be, a party or a direct beneficiary, together with all rights, powers, privileges and other benefits of the Agent and the Issuer under the Loan Documents, including the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such

action upon the occurrence of any default under the Loan Documents, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Loan Documents or by law, and to do any and all other things whatsoever which the Issuer or the Agent is or may be entitled to do under the Loan Documents;

(ii) any and all payments of principal, interest, premiums and late payment fees made on the Loan at any time hereafter by the Borrower;

(iii) the proceeds of the sale of the Bonds to the extent they have not been applied to fund the Loan;

(iv) all tax, insurance or other similar escrows now or hereafter held with respect to the Loan; and

(v) any and all proceeds received under any policy of title insurance, hazard insurance, or other such insurance with respect to the Project, proceeds received from Condemnation (as that term is defined below), and revenues, proceeds and other payments and tenders received from any foreclosure (or payments in lieu of foreclosure) of the Mortgage or from enforcement of the Mortgage or any other Loan Documents, and any and all proceeds from the conversion, voluntary or involuntary, of any of the foregoing into cash or other liquidated claims;

SUBJECT, HOWEVER, to (a) the interest of the Borrower, to the extent provided in the Loan Documents, with respect to the tax, insurance or other similar escrows and with respect to any property insurance proceeds or Condemnation awards or proceeds of foreclosure, (b) the right of the Agent and the Issuer to exercise, without the consent of the Holder until an Event of Default shall have occurred and be continuing, all rights, powers, privileges and other benefits under the Loan Documents, including the right to make all waivers and agreements, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of any default under the Loan Documents, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Loan Documents or by law, but subject to, and only upon, the terms and conditions of Article 5 hereof, and (c) any of the rights of the Issuer and the Agent and their respective directors, officers, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified thereunder, to be paid fees as described therein, to be reimbursed for attorneys' fees and expenses thereunder and to give or withhold consent to amendments, changes, modifications and alterations to and to enforce the provisions of the Regulatory Agreement as that term is hereinafter defined; provided that payment of the fees, expenses and indemnification amount under this subpart (c) shall be subordinate and junior in right of payment to the right of the Holder to be paid in full all amounts owing to it under the Bonds and other expenses as set forth in Section 5.1 hereof.

IT IS HEREBY COVENANTED by the parties hereto that the Collateral is to be held and applied subject to the further covenants, conditions, uses and trusts herein set forth; and the Issuer and the Agent, for themselves and their respective successors and assigns, hereby covenant and agree with the Holder as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** The following terms shall, for all purposes of this Pledge and Assignment, have the following respective meanings:

“Act” means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as now in effect and as it may be supplemented from time to time.

“Affiliate” means any entity of which the ultimate parent corporation is the same as that of U.S. Bank National Association (or any successor to U.S. Bank National Association as the Holder), including such parent corporation.

“Authorized Denomination” means the outstanding principal amount of a Series of Bonds.

“Bond Counsel” means an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is or are selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bonds” means, collectively, the Series A Bonds and the Series A-T Bonds.

“Borrower” means Rowland Heights Preservation Limited Partnership, a California limited partnership, and its successors and assigns.

“Closing Date” means the date of original issuance of the Bonds hereunder.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Collateral” shall have the meaning assigned to such term in the sixth paragraph under the heading “WITNESSETH” above.

“Condemnation” means a taking of all or any part of the Project or any Land or any interest therein or right accruing thereto as a result of or in lieu of or in anticipation of the exercise of the right of condemnation, eminent domain, change of grade, appropriation or confiscation.

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

otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security -- State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Holder” or “Registered Holder” means, initially, U.S. Bank National Association, any of its successors and assigns, and/or any other owner of Bonds so indicated in the “Provisions As To Registration” included in the Bonds.

“Interest Payment Date” shall mean the first day of each month for so long as the Bonds are outstanding, commencing July 1, 2010.

“Irrevocable Refunding Instructions” dated June 14, 2010, given by the Issuer and the Borrower to the Prior Trustee.

“Loan” means the mortgage loan made by the Agent for the account of the Issuer to the Borrower with respect to the Project pursuant to the Loan Agreement.

“Loan Agreement” means that certain Loan Agreement, dated as of June 1, 2010, by and between the Agent, in its capacity as agent for the Issuer, and the Borrower with respect to the Project.

“Loan Documents” means all of the following documents or instruments entered into with respect to the Loan and Project: the Notes, the Mortgage, the Loan Agreement, the Regulatory Agreement and all other documents evidencing, securing or otherwise pertaining to the Loan.

“Mandatory Redemption Event” shall have the meaning ascribed thereto in Section 9.1.

“Maturity Date” means, with respect to the Series A Bonds, \_\_\_\_\_ 1, \_\_\_\_\_, and with respect to the Series A-T Bonds, \_\_\_\_\_ 1, \_\_\_\_\_.

“Mortgage” means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, executed as of June 1, 2010, by the Borrower, as trustor, for the benefit of the Agent, for the account of the Issuer, as beneficiary, and \_\_\_\_\_, as trustee, encumbering (among other things) the Project, securing the Loan and recorded in the official records of the County of Los Angeles, State of California.

“Notes” means, collectively the Series A Note and the Series A-T Note.

“Permitted Investments” means, to the extent permitted by applicable law, any of the following:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) repurchase agreements (including those of the Agent) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Agent or a third party agent approved by the Holder during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen (14) days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits or deposit accounts in, any bank (including the Agent) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a holding company, the debt obligations of the bank holding company of which) have been rated “A” or better by S&P, or (b) which are fully insured by the Federal Deposit Insurance Corporation, or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(5) investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated “AA-” or better by S&P, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated “AA-” or better by S&P, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated “AA-” or better by S&P;

(6) shares in any investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P, including investment companies and master repurchase agreements from which the Agent or an affiliate derives a fee for investment advising or other service;

(7) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated A or better by S&P or mutual funds invested only in such obligations;

(8) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

(9) commercial paper rated A or better by S&P;

(10) corporate notes or bonds with one year or less to maturity rated A or better by S&P; or

(11) U.S. Bank Commercial Money Market Fund.

“Post Remarketing Date Rate” means the rate of interest to be borne by the Bonds after the Remarketing Date, determined pursuant to Section 2.4 of the Pledge and Assignment.

“Prior Bonds” means The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2000 Series A.

“Prior Indenture” means the Indenture of Trust, dated as of August 1, 2000, between the Issuer and the Prior Trustee, pursuant to which the Prior Bonds were issued.

“Prior Loan” means the loan made to the Borrower pursuant to the Prior Loan Agreement to finance the acquisition and rehabilitation of the Project.

“Prior Loan Agreement” means the Loan Agreement, dated as of August 1, 2000, among the Issuer, the Borrower and the Prior Trustee.

“Prior Mortgage” means the Amended and Restated Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of August 1, 2000, given by the Borrower to secure its obligation to repay the Prior Loan.

“Prior Trustee” means U.S. Bank Trust National Association, as succeeded by U.S. Bank National Association, as trustee under the Prior Indenture.

“Project” means the acquisition and rehabilitation of a 144-unit multifamily rental housing project known as “Rowland Heights Apartments” located at 1945 Batson Avenue in the Rowland Heights area of unincorporated Los Angeles County.

“Purchaser’s Letter” means the Purchaser’s Letter in the form attached hereto as Exhibit B.

“Put Purchase Price” means the then outstanding principal amount of the Bonds plus accrued interest to the applicable Remarketing Date (or, if the Put Purchase Price is not timely paid to the Holder on the Remarketing Date, plus accrued interest to the date such Put Purchase Price has been paid to the Holder).

“Qualified Institutional Buyer” has the meaning set forth in Rule 144A of the Securities Act of 1933, as amended.

“Regulatory Agreement” means that certain Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project, dated as of June 1, 2010, by and between the Issuer and the Borrower.

“Remarketing Agent” means the Remarketing Agent acting as such pursuant to Section 2.10 of this Pledged and Assignment.

“Remarketing Agreement” means the Remarketing Agreement entered into by the Borrower and the Remarketing Agent pursuant to Section 2.10 of this Pledge and Assignment.

“Remarketing Date” means \_\_\_\_\_ 1, 2015, or such later date as may be established by Section 2.9 hereof.

“S&P” means Standard & Poor’s Ratings Services, A Division of the McGraw-Hill Companies.

“Series” means either the Series A Bonds or the Series A-T Bonds.

“Series A Bonds” means The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A issued and delivered in the aggregate principal amount of \$7,690,000.

“Series A Note” means that certain [Tax-Exempt Promissory Note] relating to the Series A Bonds in the principal amount of \$7,690,000 executed by the Borrower to the order of the Agent, as agent for the Issuer, evidencing the obligation to repay a portion of the Loan.

“Series A-T Bonds” means The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A-T issued and delivered in the aggregate face amount (maximum principal amount) of [\$2,150,000].

“Series A-T Note” means that certain [Taxable Promissory Note] relating to the Series A-T Bonds in the face amount (maximum principal amount) of [\$2,150,000] executed by the Borrower to the order of the Agent, as agent for the Issuer, evidencing the obligation to repay a portion of the Loan.

“State” means the State of California.

“Tax Certificate” means the Tax Certificate and Agreement, dated the Closing Date, executed and delivered by the Issuer and the Borrower, including all exhibits thereto, as amended in accordance with its terms.

## ARTICLE II

### BONDS

**Section 2.1 Issuance of Bonds to Fund Loan; Loan Fees.** This Pledge and Assignment is entered into by the Issuer to assist in the financing and refinancing of the acquisition and rehabilitation of the Project by providing financing for the Project through the issuance of the Bonds, the proceeds of which shall be advanced by the Holder directly to the Agent for the account of the Issuer as and when needed by the Agent to make each advance under the Loan Agreement and shall be applied by the Agent for the account of the Issuer to the funding of the Loan pursuant to the terms of the Loan Agreement. As consideration for the issuance and delivery of the Bonds, the Holder agrees to purchase, at par, the Series A Bonds in an original principal amount of \$7,690,000. Concurrently with each advance of principal by the Agent, for the account of the Issuer, to the Borrower under the Loan Agreement of the proceeds of the Loan, the Holder shall deliver to the Agent, for the account of the Issuer, and on account of the Holder's purchase of a corresponding amount of the designated issue of Bonds, an amount equal to the amount so advanced by the Agent, on account of the Issuer, to the Borrower under the Loan Agreement.

The principal amount of the Loan so advanced on the Closing Date (\$7,690,000) shall be transferred to the Prior Trustee to accomplish the refunding of the Prior Bonds in accordance with the Irrevocable Refunding Instructions and the corresponding amount shall be advanced under the Series A Note.

The principal amount of the Loan subsequently advanced shall be credited against the purchase price of, and shall be used to purchase, the Series A-T Bonds and the corresponding amount shall be advanced under the Series A-T Note.

**Section 2.2 Form, Face Amount and Delivery of Bonds.** The Series A Bonds secured hereby are designated "The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A", are to be issued substantially in the form attached hereto as Exhibit A, are being issued in the principal amount of \$7,690,000, and will be payable and mature as provided therein. The Series A-T Bonds secured hereby are designated "The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A-T", are to be issued in substantially the form attached hereto as Exhibit A, are being issued in the face amount (maximum principal amount) of [\$2,150,000], and will be payable and mature as provided therein. The Bonds shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the Issuer, and attested by the manual or facsimile signature of the Executive Officer of the Issuer, and shall be delivered to the Holder in certificate form upon the Holder's execution of the Purchaser's Letter.

**Section 2.3 Principal.** The outstanding principal amount of Bonds as of any given date shall be the total amount advanced by the Holder to the Agent on account of the Holder's purchase of such Bonds and advanced or constructively advanced by the Agent to the Borrower as proceeds of the Loan, less any payments of principal previously received by such Holder on such Bonds. The principal amount of the Bonds and interest thereon shall be payable on the

basis specified in Sections 2.4 and 2.6. The Bonds shall be subject to redemption as provided in Section 2.14 and shall mature, and become due and payable in full, together with all accrued and unpaid interest thereon, on the Maturity Date thereof. The Bonds are also subject to mandatory tender and remarketing prior to their stated maturity as provided in Sections 2.9 and 2.12 hereof.

**Section 2.4 Interest.** Interest shall be paid on the outstanding principal amount of the Series A Bonds and the Series A-T Bonds from and after the Closing Date with respect thereto to, but not including the Remarketing Date, at the rate or rates equal to the interest rate in effect from time to time on the Series A Note and the Series A-T Note, respectively, payable on each Interest Payment Date. Interest on the Bonds during such period shall be calculated as provided in the Notes.

From and after the Remarketing Date, and until maturity, the Bonds of each Series shall bear interest at the Post Remarketing Date Rate for such Series, payable on each Interest Payment date following the Remarketing Date, calculated on the basis of a 360-day year, for the actual number of days elapsed. The Post Remarketing Date Rate of each Series shall be that rate, determined by the Remarketing Agent on the Remarketing Date which, in the judgment of the Remarketing Agent, having due regard for prevailing financial market conditions, would be required, but would not exceed the rate that would be required, to be borne by the Bonds of each Series in order for the market value of the Bonds of such Series on such date to be par (disregarding accrued interest); provided that in no event shall the Post Remarketing Date Rate exceed the maximum interest rate permitted by the laws of the State. The determination of the Post Remarketing Date Rate of each Series by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the holder of such instrument, any other owners of the Bonds, the Issuer, the Borrower and the Remarketing Agent, and each shall be protected by relying on such rate.

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

**Section 2.5 Limited Obligation of Issuer and Agent to Make Payments.** The payments of principal, interest, premiums, late payment fees and all other amounts to be made on the Bonds to the Holder thereof shall be made in accordance with the terms of the Bonds. In no event, however, shall the Issuer or the Agent have any obligation to make or remit such payments to the Holder unless and until moneys are received therefor by the Issuer or the Agent, as the case may be, from or with respect to the Loan.

**Section 2.6 Corresponding Payments.** The payment or prepayment of principal and interest, premiums, late payment fees and other amounts due on the Series A Bonds shall be identical with and shall be made on the same dates, terms and conditions as the principal, interest, premiums, late payment fees and other amounts due on the Series A Note. The payment or prepayment of principal and interest, premiums, late payment fees and other amounts due on the Series A-T Bonds shall be identical with and shall be made on the same dates, terms and conditions as the principal, interest, premiums, late payment fees and other amounts due on the

Series A-T Note. Any payment or prepayment made by the Borrower of principal, interest, premiums, late payment fees and other amounts due on a Note shall be deemed to be like payments or prepayments of principal, interest, premiums, late payment fees and other amounts due on the corresponding Series of Bonds. Payments or prepayments by the Borrower under a Note shall be deemed to have been constructively received by the Holder as payments or prepayments on the corresponding Series of Bonds on the date of receipt of such payments by the Agent, and interest with respect to each principal payment or prepayment shall cease to accrue upon receipt thereof by the Agent. Payments or prepayments of principal, interest, premiums, late payment fees and other amounts due shall be remitted immediately by the Agent to the Holder.

**Section 2.7 Replacement of Bonds.** Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of the Bonds, or any replacement Bonds, and, in the case of any such loss, theft, or destruction, upon the delivery of an indemnity agreement reasonably satisfactory to the Issuer or, in the case of any mutilation, upon the surrender and cancellation of such mutilated Bond, the Issuer, at the expense of the Holder of such Bond, will issue a new Bond, of like Series and tenor, in lieu of such lost, destroyed or mutilated Bond.

**Section 2.8 Registration and Transferability.** The Bonds shall be in fully registered form, registered in the name of the Holder upon registration books of the Issuer at the office of the Agent, such registration to be noted on the Bonds, after which no transfer shall be valid unless made in compliance with this Section 2.8.

The Bonds shall be sold, assigned, transferred or otherwise disposed of only in an Authorized Denomination. The Bonds shall be transferable upon said registration books by the Holder in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Agent, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer, the Agent will note the date of registration and the name and address of the newly registered Holder on the books of the Issuer and on the Bonds. The Issuer and the Agent may deem and treat the person in whose name the Bond is last registered upon the books of the Issuer, with such registration noted on the Bond, as the absolute owner thereof for the purpose of receiving payment of or on account of the principal, or interest, premium and late payment fees and for all other purposes; all such payments so made to the registered Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

With the exception of a transfer to an Affiliate of Holder, the Bonds (and any participation interests therein) shall not be sold, assigned, transferred or otherwise disposed of by the Holder or any Affiliate of the Holder unless the purchaser of the Bonds (or of any such participation interest) provides a Purchaser's Letter substantially in the form attached hereto as Exhibit B and acknowledges in writing that it shall have no right to pursue any action or claim against the Issuer; provided that the Holder agrees to and shall indemnify, hold harmless and defend the Issuer, its commissioners, officers, agents and employees, and each of them, against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in

settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to any such sale, transfer or participation. Notwithstanding the above, any Holder shall be a Qualified Institutional Buyer. The Holder may sell participation interests in the Bonds; provided any such participation interest shall be sold to a Qualified Institutional Buyer in a principal amount of at least \$250,000. The Holder shall provide written notice to the Issuer identifying any person or entity acquiring a participation interest in the Bonds. No sale of participations in the Bonds by the Holder shall relieve the Holder of its obligation to advance the proceeds of the Bonds when required by this Pledge and Assignment and to act as representative of all owners of participation interests in the Bonds. In no case shall a purchaser of participation interests in the Bonds be deemed to be a Holder of the Bonds. The Holder may disclose to any purchasers or prospective purchasers any information or other data or material in the Holder's possession relating to the Issuer, the Bonds and the Project, without the consent of or notice to the Issuer.

**Section 2.9 Mandatory Purchase on Remarketing Date; Establishment of Remarketing Agent.** The owners of the Bonds shall be required to tender their Bonds to the Agent for purchase on each Remarketing Date, at a purchase price equal to one hundred percent (100%) of the principal amount of the Bonds then outstanding, plus accrued interest to the Remarketing Date, payable from the sources described below. The Agent shall make payment for any Bond purchased pursuant to this Section on or before 4:00 p.m., Pacific Time, on the Remarketing Date, but only if and to the extent that Agent has received from the Remarketing Agent on or before 10:00 a.m., Pacific Time, on the Remarketing Date an amount equal to the Put Purchase Price.

Otherwise, the Agent shall give each registered holder of a Bond no less than six (6) days' prior written notice of such mandatory tender, which notice shall specify the Remarketing Date and that the Bond must be tendered on such date or that it will be deemed tendered on such date.

The purchase price of Bonds tendered as required by this Section 2.9 shall be payable solely from funds representing the Put Purchase Price paid by or on behalf of the Borrower (whether by the Remarketing Agent or otherwise) to the Agent.

Any Bond which is not tendered on the Remarketing Date will be nevertheless deemed to have been tendered to the Agent on the Remarketing Date and, so long as the Agent timely receives the full Put Purchase Price on such date from the Remarketing Agent and pays such amounts to the owners of the Bonds on such date, from and after such date, each such Bond shall cease to bear interest. In the event that the Agent timely receives an amount equal to the full Put Purchase Price on the Remarketing Date, and any owner of a Bond fails to deliver a Bond to the Agent on the Remarketing Date, such owner of a Bond will not be entitled to any payment (including any interest that might otherwise accrue from and after the Remarketing Date) other than the Purchase Price for such untendered Bond. The Issuer shall sign, and the Agent shall authenticate and deliver to the Remarketing Agent for redelivery to the purchaser or purchasers thereof, a new Bond in replacement for any untendered Bond and the Agent shall make any necessary amendments to the Note to evidence the foregoing.

The Remarketing Date shall be \_\_\_\_\_ 1, 2015; provided that, if at least six (6) days prior to \_\_\_\_\_ 1, 2015 the Holder delivers to the Remarketing Agent and the Issuer its direction to establish a later Remarketing Date as set forth in such direction (accompanied by an opinion of Bond Counsel to the effect that the change in Remarketing Date will not adversely affect the exclusion of the interest on the Series Bonds from gross income for federal income tax purposes), the Remarketing Date shall be such later date and during the period from \_\_\_\_\_ 1, 2015 until such later Remarketing Date, the Bonds shall bear interest at the “Default Rate” (as defined in the applicable Note), subject to Section 2.4 of this Pledge and Assignment. Any Remarketing Date established under the provision in the preceding sentence may be further extended from time to time if at least six (6) days prior to the most recently established Remarketing Date there is delivered to the Remarketing Agent and the Issuer the written direction of the Holder extending the Remarketing Date and an opinion of Bond Counsel as described in the preceding sentence, in which event the Remarketing Date shall be such later date.

**Section 2.10 Remarketing Agent.** At least thirty (30) days prior to the Remarketing Date, the Borrower, with notice to the Issuer and the prior written consent of the Holder (which consent shall not be unreasonably withheld, conditioned or delayed), shall appoint a Remarketing Agent for the Bonds, subject to the conditions set forth in Section 2.11 hereof, and shall enter into the Remarketing Agreement, in a form acceptable to the Holder, with the Remarketing Agent. The Remarketing Agent shall designate to the Agent its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by execution of the Remarketing Agreement. The Remarketing Agent shall, and shall agree in the Remarketing Agreement to, do each of the following:

- (i) hold all moneys delivered to it hereunder for the purchase of the Bonds in trust for the benefit of the person which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person, and not commingle such moneys with other funds of the Remarketing Agent;
- (ii) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer, the Agent and the Holder at all reasonable times; and
- (iii) perform the duties and comply with the provisions set forth in Sections 2.11 through 2.13 hereof, inclusive.

**Section 2.11 Qualifications of Remarketing Agent.**

- (i) The Remarketing Agent and any successor Remarketing Agents shall be a national banking association or a member of the National Association of Securities Dealers, Inc., or such other entity agreed upon by the Issuer, the Holder and the Borrower, in any case authorized by law to perform all the duties imposed upon it by this Pledge and Assignment and the Remarketing Agreement.

(ii) The Remarketing Agent may, not less than 15 days prior to the Remarketing Date, resign and be discharged of the duties and obligations created by this Pledge and Assignment by giving at least five (5) days' written notice to the Issuer, the Borrower, the Holder and the Agent, but any such resignation shall not be effective until a successor is appointed in accordance with this Section 2.11 and has accepted such appointment.

(iii) The Remarketing Agent may be removed at any time, and a successor Remarketing Agent appointed at the direction of the Borrower (with notice to the Issuer and the prior written consent of the Holder) or the Issuer (with notice to the Borrower and the prior written consent of the Holder), upon delivery by the Borrower or the Issuer of an instrument directing such removal and appointment, signed by the Borrower or the Issuer, as applicable (and approved by (a) the Issuer, if such direction is from the Borrower, and (b) the Holder) and filed with the Issuer, the Remarketing Agent, the Holder and the Agent. No removal of the Remarketing Agent shall be effective until a successor is appointed and has accepted such appointment in a written instrument to be provided to the Issuer, the Borrower and the Agent, and no removal of the Remarketing Agent may occur less than 15 days prior to the Remarketing Date.

(iv) In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor.

(v) Any failure by the Borrower to designate a Remarketing Agent or in the event there is no Remarketing Agent for any reason, the Borrower shall, under all circumstances, be required to pay the Put Purchase Price on the Remarketing Date or the mandatory redemption price of the Bonds as set forth in Section 2.14 hereof.

**Section 2.12 Remarketing of Bonds.** Prior to the Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to remarket, on or prior to the Remarketing Date, all of the Bonds at the Post Remarketing Date Rate for the Bonds for a purchase price equal to the Put Purchase Price for the Bonds; provided, however, that the Remarketing Agent shall not offer for sale or sell any Bond to the Issuer, the Borrower or any of their affiliates, and provided, further that the Bonds shall be remarketed only to a single purchaser who shall be a Qualified Institutional Buyer as required in Section 2.8 hereof, unless the Bonds shall have received a rating of "A" or better (without regard to any modifier) by S&P, Moody's Investors Service, or another nationally recognized rating agency acceptable to the Issuer.

The Remarketing Agent shall instruct the purchasers of the Bonds to deliver to it, no later than 8:30 a.m. Pacific Time on the Remarketing Date, in same day funds, the Put Purchase Price for the Bonds. Upon receipt by the Remarketing Agent of the Put Purchase Price for the Bonds from such purchasers and receipt by the Agent of the Bonds tendered for purchase, at or prior to 8:30 a.m. Pacific Time on the Remarketing Date in good form for delivery along with, if applicable, the documentation required by Section 2.8 hereof relating to requirements for an owner of the Bond, the Remarketing Agent will give written instructions to the Agent, as bond registrar and authenticating agent, to transfer the registered ownership of the Bonds to the purchasers, and will make available the Bonds to such purchasers which shall thereafter be the

Holder for all purposes of this Pledge and Assignment. The Remarketing Agent shall remit the Put Purchase Price of the Bonds to the Agent, for payment to the Holder and any other owner of the Bonds, no later than 10:00 a.m. Pacific Time, on the Remarketing Date.

The Issuer hereby agrees that it will not purchase any Bonds from the Remarketing Agent or otherwise.

A failed remarketing in whole or in part for any reason shall not affect in any manner Borrower's obligation to pay the Put Purchase Price on the Remarketing Date or the mandatory redemption price of the Bonds as described in Section 2.14 hereof.

**Section 2.13 Redemption of Bonds Not Remarketed.** If the Agent receives written notice from the Remarketing Agent, on or before 10:00 a.m., Pacific Time, on a Remarketing Date, that the Remarketing Agent has not been able to remarket all of the outstanding Bonds for a purchase price equal to the full Put Purchase Price, or, if by 10:00 a.m., Pacific Time, on the Remarketing Date, the Agent has not received the full Put Purchase Price of the Bonds from the Remarketing Agent or otherwise, the Bonds shall be subject to mandatory redemption in whole, in accordance with Section 2.14(d) below.

**Section 2.14 Circumstances of Redemption of the Bonds.** The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(i) The Bonds shall be subject to redemption in whole or in part on any Interest Payment Date, at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon the optional prepayment of the Loan under the terms of the Note in whole or in part.

(ii) The Bonds shall be subject to redemption in whole on any date at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon acceleration of the Loan in whole following an Event of Default (as defined in the Loan Agreement).

(iii) The Bonds shall be subject to redemption in whole or in part on any date at a redemption price equal to the outstanding principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory prepayment of the Loan under the terms of a Note or the Loan Agreement.

(iv) The Bonds shall be subject to redemption in whole on any date on or after any Remarketing Date, at the direction of the Holder at a redemption price equal to the outstanding principal amount of the Bonds plus interest thereon to the redemption date, together with any applicable premium (i) if all of the Bonds are not remarketed on the Remarketing Date, for a purchase price equal to the full Put Purchase Price, or (ii) if all of the Bonds are so remarketed, if the Holder does not timely receive the full Put Purchase Price in accordance with Section 2.12 above.

(v) The Bonds shall be subject to mandatory redemption in whole on any date at a price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a premium equal in amount to any premium payable pursuant to the Notes and the Loan Agreement, upon the occurrence of a Mandatory Redemption Event; provided that the Issuer's obligation upon the occurrence of a Mandatory Redemption Event shall be discharged as provided in Section 9.3.

The premium due in connection with any of the foregoing redemption provisions shall be an amount equal to the amount paid on the Notes and/or the Loan in connection with such redemption that is in excess of the principal and interest on the Bonds otherwise due on the redemption date.

The Holder is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption, and, if moneys provided from the sources contemplated by this Pledge and Assignment and the Loan Agreement are available, to redeem the Bonds so called on the date so fixed by the Holder. The Holder shall give written notice of such redemption to the Issuer.

**Section 2.15 No Notice of Redemption.** No notice of redemption of the Bonds need be given to the Holder or other owners of the Bonds.

**Section 2.16 Effect of Redemption.** The Bonds so called for redemption shall, on the redemption date selected by the Holder become due and payable at the redemption price specified herein, and if moneys provided from the sources contemplated by this Pledge and Assignment and the Loan Agreement for payment of the redemption price are then held by the Holder, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Pledge and Assignment, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds fully redeemed pursuant to the provisions of Section 2.14 shall be destroyed by the Agent, which shall thereupon note such destruction in the registration books maintained by the Agent pursuant to Section 2.8 of this Pledge and Assignment.

## ARTICLE III

### SECURITY FOR THE BONDS

**Section 3.1 Delivery of Collateral.** To provide security for the payment of the Bonds, the Agent and the Issuer have pledged, assigned, transferred, conveyed and granted their respective right, title and interest in the Loan and other security constituting the Collateral to the Holder. In connection with such pledge, assignment, transfer and conveyance, the Agent shall deliver to the Holder the following documents or instruments promptly following their execution:

- (i) The Note endorsed without recourse by the Agent;
- (ii) An originally executed Loan Agreement and Regulatory Agreement;
- (iii) An originally executed Mortgage and all other Loan Documents constituting the Collateral existing at the time of delivery of the Note and a collateral assignment of the Mortgage from Agent to Holder, in recordable form;
- (iv) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Holder's status as an assignee of the Agent's security interest in any personal property forming part of the Project, in form suitable for filing; and
- (v) Uniform Commercial Code financing statements giving notice of the pledge by the Issuer and the Agent of the Collateral pledged under this Pledge and Assignment.

The Agent and the Issuer shall deliver and deposit with the Holder such additional documents, financing statements, and instruments as the Holder may reasonably require from time to time for the better perfecting and assuring to the Holder of its lien and security interest in and to the Collateral.

**Section 3.2 Agent the Mortgagee of Record.** Notwithstanding the pledge, transfer and conveyance hereunder of the Loan and the other Collateral to the Holder, the Agent shall, except as otherwise provided in Section 9.2 of this Pledge and Assignment upon the occurrence of a Mandatory Redemption Event, be and remain the mortgagee of record for the Loan, and is fully authorized and empowered to service and administer the Loan as provided in Section 4.1 hereof.

## ARTICLE IV

### SERVICING THE LOANS AND THE BONDS

**Section 4.1 Servicing the Loan.** The Agent shall take all steps necessary to maintain its qualifications to act hereunder as mortgagee, and shall service and administer the Loan in accordance with standard mortgage banking practices, taking all steps and exercising the same degree of care and skill with respect to the Loan, Project and Loan Documents that it would take or exercise under the circumstances in protecting its own interests as a mortgage lender or investor therein. Except as specifically noted below, the Agent shall have full power and authority, acting alone, to do any and all things in connection with such servicing and administration of the Loan that it may deem necessary or desirable, including, without limitation, the following:

(i) The making of advances on the Loan directly to or for the account of the Borrower, pursuant to the Loan Agreement and other Loan Documents, in accordance with law and the Agent's usual practices and procedures in administering similar projects and mortgage loans.

(ii) Recording and filing of documents and statements to create, preserve and release the lien of the Mortgage on the Project and the site on which it is located, site inspections, obtaining title updates and endorsements, processing change orders, and maintaining required insurance and escrow funds.

(iii) The collection, holding and disbursement in accordance with the requirements of the Loan Documents and any applicable laws, of all payments of principal and interest due under the Loan, and any other payments or sums due under or with respect to the Loan, the Mortgage or other Loan Documents, including, without limitation, all payments for taxes, assessments, hazard insurance premiums, service charges and late payment fees, all proceeds of title and hazard insurance policies, letters of credit, and all condemnation awards.

(iv) The preservation, administration and enforcement of the Loan and the Loan Documents, and in this connection the Agent may do, or refrain from doing, all acts which are permitted under the terms of the Loan or the Loan Documents and which in its sole judgment may be appropriate; provided, however, that, except as otherwise permitted in accordance with Section 5.2 hereof upon the happening of a default by the Borrower under the Loan Agreement, the Notes or the Mortgage, the Agent may not take any action that would cause interest on the Series A Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation without the prior written consent of the Issuer and the Holder or do any of the following without the prior written consent of the Holder:

(a) consent to or permit modification of the maximum face principal amount of the Loan, reduce the interest rate thereon, or extend the maturity date thereof or the due date of any principal payment thereof or the date for commencement of amortization (except as expressly provided therein), or

(b) make or consent to any release of the Borrower from any liability under the Loan or any of the Loan Documents (except as expressly provided therein).

(v) The preservation and administration of all escrow funds required by any of the Loan Documents, in accordance with the requirements of the Loan Documents.

**Section 4.2 Paying Agent for the Bonds; Investments.** The Agent shall serve as paying agent for the Bonds and on behalf of the Issuer, and shall remit, directly to the Holder, the payments of principal, interest, premiums, late payment fees and all other amounts due on the Bonds required by, and in accordance with, Sections 2.3, 2.4, 2.5, 2.6, 2.9, 2.12, 2.13 and 2.14 hereof. The Agent shall invest any undisbursed Bond proceeds in Permitted Investments, as directed by the Borrower and as approved by the Holder.

Permitted Investments may be purchased at such prices as the Agent may in its discretion determine or as may be directed by written request of the Borrower, approved by the Holder, provided that, except as hereinafter provided in the next sentence, all Permitted Investments acquired with the proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of and valued (as of the date that valuation is required by the Code) at Fair Market Value. Investments of such proceeds that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). All Permitted Investments relating to the Bonds shall be acquired subject to any additional limitations set forth in the Tax Certificate.

**Section 4.3 Standard of Care.** In servicing and administering the Loan and acting as a paying agent for the Bonds pursuant to Sections 4.1 and 4.2 hereof, the Agent shall act in the best interests of the Holder, but neither the Issuer nor the Agent shall be liable to the Holder or to any other person or entity if, in so servicing and administering the Loan and the Bonds, the Agent exercises that degree of ordinary prudence and skill which it would exercise under the circumstances in protecting its own interests as if it were the Holder, and further, neither the Issuer nor the Agent shall have any liability when the Agent acts, or refrains from acting, pursuant to the specific written instructions of the Holder. The Issuer shall have no liability to the Holder for actions taken by the Agent in servicing and administering the Loan or acting as paying agent for the Bonds, including, but not limited to, liability for the errors or omissions, willful misconduct or negligence of the Agent.

**Section 4.4 Indemnification of Issuer by Agent.** The Holder acknowledges that notwithstanding any other provision of this Pledge and Assignment, the Agent is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Loan. The Agent agrees to indemnify, hold harmless and defend Issuer and its commissioners, officers, agents and employees and each of them, against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to any act or omission on the part of the Agent with respect to the servicing and administration of the Loan under this Pledge and Assignment. If a third party makes a claim against the Issuer that may be subject to indemnification pursuant to this Section 4.4, the Issuer shall give prompt notice of such claim to

the Agent: provided, however, that the failure to provide such notice shall not release the Agent from any of its obligations hereunder except to the extent the Agent is prejudiced by such failure. The Agent shall be entitled to assume and control the defense of such claim at its expense through counsel of its choice. The Issuer shall cooperate with the Agent in such defense and make available to the Agent any witnesses, pertinent records, materials and information in Issuer's possession as reasonably required by the Agent. The Issuer shall have no right to settle or compromise any claim or consent to the entry of any judgment against the Issuer which is the subject of indemnification hereunder without the prior written consent of the Agent. Notwithstanding the above, the Issuer shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Agent shall pay the fees and expenses of such separate counsel; provided, however, that the Issuer may only employ separate counsel at the expense of the Agent if in the judgment of the Issuer a conflict of interest exists or could arise by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

## ARTICLE V

### DEFAULTS ON LOAN

**Section 5.1 Defaults on Loan.** Except as provided in Section 5.2 hereof, upon the happening of any default by the Borrower under the Loan Agreement, the Notes or the Mortgage, the Agent shall (a) promptly notify the Holder of the default, (b) take such action as it is directed to take by the Holder to enforce the Loan Documents, and (c) promptly apply all proceeds realized upon enforcement of the Loan Documents, if any, in the following order of priority:

(i) To reimburse the Agent for its expenses (including reasonable attorneys' fees) incurred in taking such action to enforce the Loan Documents;

(ii) To pay to the Holder any interest accrued on the Bonds, without preference or priority of any installment of such interest over any other installment of such interest;

(iii) To pay to the Holder all principal outstanding on the Bonds and any corresponding unpaid premium and late payment fees, without preference or priority of any installment or amount of such principal, premium or fees over any other installment of principal, premium or fees;

(iv) To reimburse the Holder for any losses or expenses incurred by it in connection with such default and the Bonds; and

(v) To pay to the Issuer any fees and expenses due and payable in connection with the Bonds, the Loan or the Project.

The balance, if any, of such proceeds shall be applied in accordance with the Loan Documents, if applicable, and otherwise in accordance with the applicable law or as determined by the Agent and the Issuer.

In the event that the Agent or the Holder accepts a deed in lieu of a foreclosure or credit bids at the foreclosure sale and subsequently takes title to the Project, the Holder may request that the Issuer effect a termination of the Regulatory Agreement, but only in accordance with the terms of the Regulatory Agreement. In the event that the Agent accepts a deed in lieu of foreclosure or makes a credit bid at a foreclosure sale and subsequently takes title to the Project, the Agent shall take appropriate action to cause such deed to be delivered to the Holder.

The Issuer shall have no obligation to take any action or to incur any expense with respect to any default by the Borrower and shall have no liability to the Holder, the Agent or any other person for any losses or expenses incurred as a result of such a default.

**Section 5.2 Action After Consultation with Holder.** Upon the happening of any default by the Borrower under the Loan Agreement, the Notes or the Mortgage, the Agent shall notify the Holder of such circumstance. The Agent may request consent of the Holder, with a written copy of such request being delivered to the Issuer, to a course of action which is other

than the enforcement of the Loan Documents but which is considered reasonable or appropriate by the Agent. Such course of action may include, but shall not be limited to, waiver of payments to any escrow under the Mortgage, deferral of payment of principal of or interest on the Loan, entering into a forbearance agreement with the Borrower, and any similar work-out arrangement; provided, however, that no such course of action shall be pursued which, in the opinion of Bond Counsel, would cause interest on the Bonds to be included in gross income for purposes of federal income taxation without the prior written consent of Issuer. In the event the Holder shall approve in writing any such course of action, the Agent shall take such course of action.

**Section 5.3 Losses and Expenses Upon Exercise of Rights.** Any and all losses or expenses incurred in enforcing the Loan Documents, or as a result of an alternate course or courses of action approved by the Holder shall be borne by the Borrower. Such losses or expenses may include, but shall not be limited to:

(i) Subject to the non-recourse provisions set forth in the Loan Agreement, loss resulting from nonpayment of interest on or principal of the Loan or from receipt of interest at a rate other than the rates specified in the Notes.

(ii) Reimbursement of the Agent for expenditures made voluntarily by it for taxes, assessments, water rates, hazard insurance and similar items with respect to the Project or the Loan, or for the completion and preservation of the Project.

(iii) Expenses of foreclosure (including reasonable attorney's fees and court costs) in the event the Agent forecloses the Mortgage.

(iv) Loss resulting from interest on the Series A Bonds becoming includable in gross income for purposes of federal income taxation.

**Section 5.4 Notice to Issuer.** The Agent shall provide the Issuer a copy of any notices given by it or delivered to it regarding the acceleration of the Loan or the foreclosure of the Mortgage.

## ARTICLE VI

### REPRESENTATIONS AND COVENANTS BY AGENT AND ISSUER

**Section 6.1 Representations by Agent.** The Agent hereby represents and warrants to the Holder that as of the date of execution of this Pledge and Assignment, the Agent is a national banking association duly organized, validly existing and in good standing under the laws of the United States, has all requisite power and authority to enter into this Pledge and Assignment and to carry out its obligations hereunder.

**Section 6.2 Representations by Issuer.** The Issuer hereby represents and warrants to the Holder, that as of the date of execution of this Pledge and Assignment:

(i) The Issuer is a public body corporate and politic, duly organized and existing under the laws of the State of California.

(ii) The Bonds have been duly authorized and issued in accordance with the Act and other applicable laws of the State of California and constitute valid and binding limited obligations of the Issuer payable solely from the Collateral, to the extent provided herein.

(iii) The Issuer has all requisite power and authority to enter into this Pledge and Assignment and to carry out its obligations hereunder.

(iv) The Issuer will not take any action or permit any action to be taken if the result of the same would be to cause any of the Series A Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(v) The Issuer will take any and all actions within its power to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series A Bonds.

(vi) The Issuer will not take or permit to be taken, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Series A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(vii) The Issuer will take all actions within its power to assure the exclusion of interest on the Series A Bonds from the gross income of the owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

(viii) Except as otherwise provided in the following sentence, the Agent and the Issuer covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Pledge and Assignment, or otherwise containing gross proceeds of the Series A Bonds (within the meaning of section 148 of the Code) shall be acquired,

disposed of, and valued (as of the date that valuation is required by this Pledge and Assignment or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

## ARTICLE VII

### BOOKS AND RECORDS; REPORTS

**Section 7.1 Books and Records.** The Agent shall at all times keep proper books, accounts and records relating to the Loan, the Project, the Loan Documents and the Bonds in a manner conforming to normal banking practices and in accordance with generally accepted accounting principles. All such books, accounts and records shall be accessible for inspection or duplication by the Holder or the Issuer, or their respective representatives during normal business hours or at any other reasonable times.

**Section 7.2 Reports.** The Agent shall issue a written report to the Holder of any material adverse condition known to the Agent which, in its reasonable judgment, could result in a Mandatory Redemption Event or Event of Default hereunder or a default under the Loan or the Loan Documents promptly upon learning of such condition. Upon written request, the Agent shall furnish to the Holder and the Issuer a statement of the principal balance outstanding on the Bonds.

## ARTICLE VIII

### NONRECOURSE; OBLIGATIONS NOT DEBT OF ISSUER, AGENT OR STATE

**Section 8.1 Limited Obligations.** The Bonds and the interest thereon are limited obligations of the Issuer, payable solely from the Collateral, which is hereby specifically assigned and pledged to such purposes in the manner and to the extent provided herein. None of the Issuer, the County of Los Angeles or the State of California (the "State"), nor any political subdivision thereof (except the Issuer, to the limited extent set forth in the first and last sentences of this Section) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever, of the Issuer, except as set forth above, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

The Bonds, together with the interest and premium (if any) thereon and the purchase price thereof, shall not be deemed to constitute a debt or liability of the Issuer, the County of Los Angeles, the State or of any public agency or a pledge of the faith and credit of the Issuer or the State or any political subdivision thereof, but shall be payable solely from the funds provided therefor pursuant to this Pledge and Assignment. The Bonds are only a limited obligation of the Issuer as provided by the Act, and the Issuer shall not under any circumstances be obligated to pay the Bonds except from the Collateral.

Neither the faith and credit nor the taxing power of the State, any public agency or any political subdivision of the State, including the Issuer, is pledged to the payment of the principal of, premium, if any, purchase price of or interest on the Bonds, nor is the State, any public agency or any political subdivision of the State, including the Issuer, in any manner obligated to make any appropriation for such payment.

No recourse under or upon any obligation, covenant, warranty or agreement contained in this Pledge and Assignment or in the Bonds, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Pledge and Assignment, shall be had against the Issuer or any of the commissioners, officers, agents or employees of the Issuer, as such, past, present or future, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owners of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Issuer or any such commissioner, officer, agent or employee, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Bonds or otherwise of any sum that may remain due and unpaid upon the Bonds secured by this Pledge and Assignment or any of them is, by the acceptance of the Bonds, expressly waived and released as a condition of and in consideration for the execution of this Pledge and Assignment and the issuance of the Bonds. Anything in this Pledge and Assignment to the contrary notwithstanding, it is expressly understood by the parties to this Pledge and Assignment that (a) the Issuer may rely exclusively

on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Agent or any Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Pledge and Assignment to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Lender and (c) none of the provisions of this Pledge and Assignment shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Pledge and Assignment, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bonds or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bonds shall be had against the Issuer or any officer, commissioner, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Pledge and Assignment and the issuance of the Bonds. No covenant, stipulation, obligation or agreement of the Issuer contained in this Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council member, officer, agent or employee of the Issuer in other than that person's official capacity. No commissioner, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

## ARTICLE IX

### MANDATORY REDEMPTION EVENTS AND EVENTS OF DEFAULT

**Section 9.1 Mandatory Redemption Event.** Each of the following events shall constitute a mandatory redemption event (“Mandatory Redemption Event”) under this Pledge and Assignment:

(i) Any failure by the Agent to remit to the Holder any payment to be made on the Bonds in accordance with the provisions of this Pledge and Assignment or the Bonds on the due date thereof;

(ii) If the Agent shall fail to conform or comply with any other terms or provisions of this Pledge and Assignment or the Bonds and such failure shall continue for more than thirty (30) days after notice thereof to the Agent from the Holder or, where such default is not subject to cure within such thirty (30) day period, if the Agent within such period shall not have commenced with due diligence and dispatch the curing of such default or thereafter shall fail to prosecute and complete with due diligence and dispatch and within a reasonable time the curing of such default;

(iii) If any representation or warranty made by the Agent or by the Issuer contained in this Pledge and Assignment shall prove to have been false or incorrect in any material respect on the date as of which made;

(iv) If an action or proceeding shall be brought, or judgment rendered, against or relating to the Agent or the Issuer which has the effect of substantially impairing the rights and obligations of the Agent or the Issuer hereunder or under the Bonds or with respect to the Loan;

(v) If either the Agent (during the term of its agency) or the Issuer shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking, consenting to, or acquiescing in reorganization, arrangement, adjustment, composition, liquidation, dissolution, or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail to deny or contest the material allegations of a petition against it for any such relief, but only if any such event adversely impacts the payment of debt service on the Bonds; or

(vi) If, with respect to either the Agent (during the term of its agency) or the Issuer, a trustee, receiver or liquidator of any material part of its properties or assets shall be appointed with its consent or acquiescence, or if any such appointment, if not so consented to or acquiesced in, shall remain unvacated or unstayed for sixty (60) days, but only if any such event adversely impacts the payment of debt service on the Bonds.

**Section 9.2 Remedies.** If any Mandatory Redemption Event shall have occurred and be continuing without redemption as provided in Section 2.14(v), the Holder shall promptly give notice to the Issuer and shall have all rights, powers, and remedies with respect to the Collateral

(i) to take possession of the Collateral or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Collateral;

(ii) to become mortgagee of record for the Loan and to service and administer the same with the same power, authority and standard of care as had been provided for the Agent under Sections 4.1 and 4.3 hereof;

(iii) to service and administer the Bonds as agent and on behalf of the Issuer or otherwise, and, if applicable, to take all actions necessary to enforce the Loan Documents, and to take alternative courses of action, with the same power, authority and standard of care as had been provided for the Agent under Sections 4.3, 5.1, 5.2 and 5.3 hereof;

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement of the Agent or the Issuer in the Bonds, this Pledge and Assignment, or the Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Holder may elect.

**Section 9.3 In Lieu of Acceleration.** Notwithstanding any provision of this Pledge and Assignment, no Mandatory Redemption Event shall constitute an Event of Default hereunder. If there is an Event of Default under and as defined in the Loan Agreement of which the Agent has actual knowledge or otherwise a failure of the Borrower to make payments on the Loan sufficient to provide funds to make all payments due on the Bonds and all other amounts payable hereunder, which would result in a Mandatory Redemption Event, the Bonds shall be subject to mandatory redemption pursuant to Section 2.14(v). Upon any such mandatory redemption of the Bonds, the Outstanding Bonds shall be redeemed as of the date of mandatory redemption as set forth in this Section. Upon such redemption date, the Bonds shall cease to bear interest, the Agent and the Issuer shall transfer and assign all funds and assets pledged to secure the Bonds (being any Collateral then held by the Agent or the Issuer, including, without limitation, the Note, the Loan Agreement, all other Loan Documents and the Mortgage) to the Holder as payment of the redemption price thereof, the Holder shall have no further rights hereunder, and such redemption shall constitute payment in full and cause the cancellation of the Bonds, notwithstanding that amounts so distributed may be insufficient to pay the outstanding principal amount of the Bonds, any premium, and accrued interest thereon. The Agent shall liquidate, distribute, assign and transfer such funds and assets in accordance with the written direction of the Holder.

By its acceptance of the Bonds, the Holder hereby agrees that upon such redemption the then Holder shall no longer look to the Issuer to receive payment of the principal and interest and all other sums, if any, which are due under the Bonds, but shall look solely to the Collateral and the funds and other assets transferred to the Holder hereunder.

**Section 9.4 Events of Default.** An event of default (an “Event of Default”) shall occur hereunder if the Issuer shall fail or refuse to, or be unable after sixty (60) days’ notice from the Agent or the Holder to, perform or comply with any term or provision of this Pledge and Assignment to be performed or complied with by the Issuer.

**Section 9.5 Continuance of Obligations Upon Default by Agent.** Notwithstanding any other provision of this Pledge and Assignment, upon the occurrence and continuance of any Event of Default caused by or resulting from action, inaction or other condition on the part of the Agent (a) the Bonds shall for all purposes hereof remain outstanding and shall continue in full force and effect, and (b) the Holder shall exercise such rights, powers and remedies hereunder or at law as may be required to become the mortgagee of record for the Loan and to service and administer the Loan and the Bonds, and shall thereupon service and administer the Loan as mortgagee of record, or shall have the right to retain another mortgagee to so service and administer the Loan and administer the Bonds as agent and on behalf of the Issuer, in accordance with Sections 4.1, 4.2, 4.3, 5.1, 5.2 and 5.3 hereof, until retirement of the Bonds. Further, notwithstanding any such Event of Default, the provisions set forth in Section 4.4. hereof shall continue in full force and effect.

**Section 9.6 Continuance of Obligations and Servicing by Agent Upon Default by Issuer.** Notwithstanding any other provision of this Pledge and Assignment, upon the occurrence and continuance of any Event of Default caused by or resulting from action, inaction or other condition on the part of the Issuer, and not caused by action, inaction or other condition on the part of the Agent, then, unless otherwise specified to the contrary by the Holder (a) the Bonds shall, to the extent possible under the law and in the best interests of the Holder, for all purposes remain outstanding and shall continue in full force and effect, (b) the Holder shall not take possession of the Collateral, become mortgagee of record for the Loan or otherwise exercise its remedies hereunder or at law, and (c) the Agent shall, to the extent possible under the law and in the best interests of the Holder, continue to service the Loan as mortgagee of record and continue to service and administer the Bonds as agent and on behalf of the Issuer in accordance herewith until retirement of the Bonds.

**Section 9.7 Holder Authorized to Execute Assignments, Etc.** Subject to Section 4.4 hereof, the Issuer and the Agent each hereby irrevocably appoints the Holder the true and lawful attorney of such party, in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or other disposition of the Bonds for the enforcement of this Pledge and Assignment and the Bonds, to execute and deliver all assignments and other instruments as the Holder may consider necessary or appropriate, with full power of substitution, the Issuer and the Agent each hereby ratifying and confirming all that its said attorney or any substitute shall lawfully do by virtue hereof. If so requested thereafter by the Holder, the Issuer or the Agent shall ratify and confirm any such sale, assignment, transfer or other disposition by executing and delivering to the Holder all proper assignments, releases and other instruments as may be designated in any such request. Notwithstanding the foregoing, the Holder shall not have the

right to delegate the Holder's obligation to make advances to the Agent for the account of the Issuer.

**Section 9.8 Waiver of Appraisal, Evaluation, Etc.** The Issuer and the Agent each hereby waives, to the full extent it may lawfully do so, the benefit of all appraisal, evaluation, stay, extension and redemption laws now or hereafter in force and all rights of marshaling in the event of any sale hereunder or any taking of possession by the Holder, of the Collateral or any part thereof or any interest therein.

**Section 9.9 Application of Proceeds of Sale.** The proceeds of any sale hereunder of the Collateral or any part thereof or any interest therein shall be applied in the order of priorities set forth in Section 5.1 hereof.

**Section 9.10 Right of Holder to Perform Covenants of the Issuer and the Agent.** If the Issuer or the Agent shall fail to take any action or to perform any obligation required of it hereunder following written notice from the Holder of not less than five (5) business days, the Holder, without further notice to or demand upon the Issuer or the Agent and without waiving or releasing of any obligation or default, may (but shall be under no obligation to) at any time thereafter take such action or perform such obligation for the account of the Issuer or the Agent and, in the case of the Agent, at the Agent's expense. All sums paid by the Holder or costs incurred (including, without limitation, reasonable attorneys' fees and expenses) together with interest thereon at the maximum legal rate from the date of payment by the Holder, shall be paid by the Agent.

**Section 9.11 No Waiver, Etc.** No failure by the Holder to insist upon the strict performance of any term hereof or of the Bonds or the Loan Documents or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect or alter this Pledge and Assignment, which shall continue in full force and effect, or the rights of the Holder with respect to any other then existing or subsequent breach.

**Section 9.12 Remedies Cumulative, Etc.** Each right, power and remedy of the Holder provided for in this Pledge and Assignment or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Pledge and Assignment or now or hereafter existing at law or in equity or by statute or otherwise; each such right, power or remedy may be exercised by any such person in any order or sequence; and the exercise or beginning of the exercise by any such person of any one or more of such rights, powers and remedies shall not preclude the simultaneous or later exercise of any or all such rights, powers or remedies. No failure or delay on the part of the Holder to exercise any such right, power or remedy shall operate as a waiver thereof.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1 Provisions Subject to Applicable Law.** All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and are intended to be limited to the extent necessary so that they will not render this Pledge and Assignment invalid, unenforceable or not entitled to be rendered, registered or filed under the provisions of any applicable law. If any term of this Pledge and Assignment or any application thereof shall be invalid or unenforceable, the remainder of this Pledge and Assignment and any other application of such term shall not be affected thereby.

**Section 10.2 Applicable Law.** This Pledge and Assignment, the Bonds and the Loan Documents shall be interpreted in accordance with and governed by the laws of the State of California.

**Section 10.3 Compromise of Action, Etc.** Any action, suit or proceeding brought by the Holder pursuant to any of the terms of this Pledge and Assignment or the Bonds or otherwise, and any claim made by the Holder hereunder or under the Bonds, may be compromised, withdrawn or otherwise dealt with by the Holder following reasonable written notice to the Issuer and the Agent and without the approval of such parties.

**Section 10.4 Notices.** Any notice provided for herein must be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered and postage prepaid, addressed as follows:

If to the Issuer:

The Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755  
Attention: Gregg Kawczynski, Manager, Housing  
Development and Preservation Division  
Facsimile: (323) 890-9715  
Telephone (323) 890-7269

and

Attention: Jewel Warren-Reed  
Principal Bond Administrator  
Facsimile: (323) 890-9715  
Telephone: (323) 838-7768

If to the Agent:

U.S. Bank National Association  
Commercial Real Estate Division  
633 West 5<sup>th</sup> Street, 29<sup>th</sup> Floor  
MC: LM-CA-T29R  
Los Angeles, California 90071  
Attention: Community Lending Department

If to the Holder:

U.S. Bank National Association  
Commercial Real Estate Division  
633 West 5<sup>th</sup> Street, 29<sup>th</sup> Floor  
MC: LM-CA-T29R  
Los Angeles, California 90071  
Attention: Community Lending Department

or at such other address as any of them may designate by notice duly given in accordance with this Section 10.4 to the others.

**Section 10.5 Termination.** This Pledge and Assignment shall cease and terminate when the Bonds have been surrendered and finally paid and all obligations secured hereby shall have been observed.

**Section 10.6 Duty of Issuer.** Except for the actions set forth herein, the Issuer shall not be required hereby to take any action or incur any expense not expressly provided for herein. The Issuer shall not be obligated to take any action which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with reasonable indemnity for the Issuer, its officers, directors and employees.

**Section 10.7 Consent to Assignment.** The Issuer agrees that U.S. Bank National Association shall have the right to assign all of the rights that it holds under this Pledge and Assignment, either as “Agent” or as “Holder,” to any Affiliate. The Issuer will execute and deliver to Agent any documents necessary to effectuate such assignment, and will not take any action to impair Agent’s right to assign pursuant to this Section 10.7.

**Section 10.8 Amendments, Successors and Assigns, Headings and Counterparts.** Any of the terms of this Pledge and Assignment and the Bonds may be amended or waived only by an instrument signed by the Issuer, the Agent and the Holder. All of the terms of this Pledge and Assignment shall be binding upon the successors and assigns of and all persons claiming under or through the Issuer and the Agent or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Holder. The headings of this Pledge and Assignment are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Pledge and Assignment may be executed in several counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Issuer, the Agent and the Holder have each caused this Pledge and Assignment to be executed in their respective names as of the date first above written.

Issuer

THE HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Executive Director

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

By: \_\_\_\_\_  
Deputy

Agent

U.S. BANK NATIONAL ASSOCIATION,  
as Agent

By: \_\_\_\_\_  
Vice President

Holder

U.S. BANK NATIONAL ASSOCIATION,  
as Holder

By: \_\_\_\_\_  
Vice President

[Execution Page of Master Pledge and Assignment Dated as of June 1, 2010]

**EXHIBIT A-1**

**FORM OF SERIES A BOND**

**THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE PLEDGE AND ASSIGNMENT DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN THE PLEDGE AND ASSIGNMENT), SUBJECT TO CERTAIN EXCEPTIONS.**

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS  
(ROWLAND HEIGHTS APARTMENTS)  
2010 SERIES A

<u>Principal Amount</u>	<u>Interest Rate (Prior to Remarketing Date)</u>	<u>Maturity Date</u>	<u>Remarketing Date</u>	<u>Dated Date</u>
\$7,690,000	As determined in the below-defined Note	_____ 1, _____	_____ 1, 2015	June 16, 2010

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Issuer”), for value received, hereby promises to pay (but only from the Collateral as that term is defined in the Master Pledge and Assignment hereinafter described) to the order of U.S. Bank National Association, a national banking association, or registered assign (the “Holder”), at its office in Los Angeles, California, or such other place as the Holder may designate in writing, from the source and in the manner hereinafter provided, the principal sum of Seven Million Six Hundred Ninety Thousand Dollars (\$7,690,000), with interest on the unpaid balance of this Bond from the date hereof until this Bond is fully paid, at the rate computed as specified below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Pledge and Assignment hereinafter mentioned.

This Bond constitutes a Series of bonds in the total authorized principal amount of \$7,690,000, issued by the Issuer in order to provide moneys to fund a portion of a loan (the “Loan”) to be made for the account of the Issuer to Rowland Heights Preservation Limited Partnership, a California limited partnership (the “Borrower”), for the purpose of financing and refinancing the acquisition and rehabilitation of a 144-unit multifamily rental housing project located in the Rowland Heights area of unincorporated Los Angeles County, known as “Rowland Heights Apartments” (the “Project”).

Concurrently with the issuance of this Bond, the Issuer is issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A-T in the aggregate face amount (maximum principal amount) of [\$2,150,000] in order to provide moneys to fund the balance of the Loan.

The obligations of the Borrower under the Loan corresponding to this Bond will be evidenced by that certain [Tax-Exempt Promissory Note] in the original principal amount of \$7,690,000 (the "Series A Note") made by the Borrower to the order of U.S. Bank National Association (the "Agent"), as agent for the Issuer pursuant to a Master Agency Agreement dated as of June 1, 2010, between the Issuer and the Agent. This Bond is secured by a Master Pledge and Assignment (the "Pledge and Assignment"), dated as of June 1, 2010, by and among the Issuer, the Agent and the Holder.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date. This Bond is subject to mandatory purchase on the Remarketing Date set forth above (as such date may be extended pursuant to the terms of the Pledge and Assignment) at a purchase price equal to the outstanding principal amount of this Bond on such Remarketing Date plus interest due and payable hereon to such Remarketing Date as set forth in the Pledge and Assignment. In the event there are insufficient proceeds from such remarketing of the Bonds to pay such purchase price on the Remarketing Date, the Bonds shall be subject to mandatory redemption on the Remarketing Date.

Prior to the Remarketing Date set forth above (the "Remarketing Date"), this Bond shall bear interest as provided in the Series A Note. On and following the Remarketing Date, this Bond shall bear interest at the Post Remarketing Date Rate as defined in and determined pursuant to the Pledge and Assignment.

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

The payment or prepayment of the principal, interest, premium, late payment fees and other amounts due on this Bond shall be identical with and shall be made on the same terms and conditions as the payments or prepayments of principal, interest, premium, late payment fees and other amounts due on the Series A Note. Any payments or prepayments made by the Borrower of principal, interest, premium, late payment fees and other amounts due on the Series A Note shall be deemed to be like and corresponding payments or prepayments of principal, interest, premium late payment fees and all other amounts due on this Bond. Said payments or prepayments by the Borrower shall be deemed to have been constructively received by the Holder as payments or prepayments on this Bond on the date of receipt by the Agent under the Series A Note, and interest on this Bond with respect to each principal payment or prepayment shall cease to accrue upon receipt thereof by the Agent. Payments or prepayments of principal, interest, premium, late payment fees and other amounts due shall be remitted to the Holder by the Agent immediately.

This Bond shall be subject to redemption as provided in the Pledge and Assignment.

This Bond (or any participation interest therein) may be sold, assigned, transferred, participated or otherwise disposed of only in Authorized Denominations (as defined in the Pledge and Assignment). This Bond (or any participation interest therein) may not be sold, assigned, transferred, participated or otherwise disposed of, in whole or in part, except upon satisfaction of the requirements of the Pledge and Assignment.

Subject to the foregoing, this Bond is transferable upon the books of the Issuer at the office of the Agent, by the registered Holder hereof in person or by its attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Agent, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer, the Agent will note the date of registration and the name and address of the newly registered Holder on the books of the Issuer and in the registration blank appearing below. The Issuer may deem and treat the person in whose name this Bond is last registered upon the books of the Issuer, with such registration noted on this Bond, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest and for all other purposes; all such payments so made to the registered Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

All of the agreements, covenants, conditions, limitations, provisions and stipulations contained in the Pledge and Assignment are hereby made a part of this Bond to the same extent and with the same effect as if they were fully set forth herein. If any payment of the principal of, premium, if any or interest hereon is not made when due in accordance with the terms and conditions of this Bond, then the Holder may at its right and option declare immediately due and payable the principal of this Bond and interest accrued hereon to the date of declaration of such default, together with any attorneys' fees incurred by the Holder in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Pledge and Assignment, notwithstanding anything to the contrary therein and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in this Bond or the Pledge and Assignment.

The remedies of the Holder, as provided herein and in the Pledge and Assignment, may be pursued at the sole discretion of the Holder and may be exercised as often as occasion therefor shall occur. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.

This Bond may not be amended without the prior written consent of the Issuer and the Holder and the Agent.

This Bond and the interest hereon is a limited obligation of the Issuer, payable solely from the Collateral, which is hereby specifically assigned and pledged to such purposes in the manner and to the extent provided herein. None of the Issuer (except to the limited extent set forth in the Pledge and Assignment), the County of Los Angeles (the "County"), the State of California (the "State"), or any political subdivision thereof shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever of the Issuer, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

This Bond, together with the interest and premium (if any) hereon, shall not be deemed to constitute a debt or liability of the Issuer (except to the limited extent set forth in the Pledge and Assignment), the County, the State or any political subdivision thereof, but shall be payable solely from the funds provided therefor pursuant to the Pledge and Assignment. This Bond is only a limited obligation of the Issuer as provided by the Act, and the Issuer shall under no circumstances be obligated to pay the Bonds except from the Collateral.

Neither the faith and credit nor the taxing power the Issuer, the County, the State, any public agency or any political subdivision of the State, is pledged to the payment of the principal of, premium, if any, or interest on this Bond, nor is the Issuer, the County, the State, or any public agency or any political subdivision of the State, in any manner obligated to make any appropriation for such payment.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Pledge and Assignment contained, against the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff, or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Issuer, any member of its governing bodies and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of the Pledge and Assignment and the issuance of the Bonds.

Neither the Borrower, the Agent nor any Holder shall look to the Issuer, or its council members, directors, officers, attorneys, accountants, financial advisors, agents or staff or any successor or public entity for damages suffered by the Borrower, the Agent or such Holder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under the Pledge and Assignment, the Master Agency Agreement, the Bonds, the Regulatory Agreement or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although the Pledge and Assignment recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in the Pledge and Assignment shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its

officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Agent or any other person.

It is intended that this Bond is made with reference to and shall be construed as a contract governed by the laws of the State of California.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed and attested to on its behalf by the manual or facsimile signature of its duly authorized officers all as of the Dated Date hereof.

THE HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai  
Executive Officer of the  
Board of Commissions

\_\_\_\_\_  
Deputy





**EXHIBIT A-2**

**FORM OF SERIES A-T BOND**

**THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE PLEDGE AND ASSIGNMENT DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN THE PLEDGE AND ASSIGNMENT), SUBJECT TO CERTAIN EXCEPTIONS.**

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
MULTIFAMILY HOUSING REVENUE BONDS  
(ROWLAND HEIGHTS APARTMENTS)  
2010 SERIES A-T

Face Amount (Maximum Principal Amount)	Interest Rate (Prior to Remarketing Date)	Maturity Date	Remarketing Date	Dated Date
[\$2,150,000]	As determined in the below-defined Note	_____ 1, _____	_____ 1, 2015	June 16, 2010

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Issuer”), for value received, hereby promises to pay (but only from the Collateral as that term is defined in the Master Pledge and Assignment hereinafter described) to the order of U.S. Bank National Association, a national banking association, or registered assign (the “Holder”), at its office in Los Angeles, California, or such other place as the Holder may designate in writing, from the source and in the manner hereinafter provided, the principal sum of [Two Million One Hundred Fifty Thousand] Dollars [(\$2,150,000)], or such portion thereof as is advanced by the Holder to or for the account of the Issuer, with interest on the unpaid balance of this Bond from the date hereof until this Bond is fully paid, at the rate computed as specified below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Pledge and Assignment hereinafter mentioned.

This Bond constitutes a Series of bonds in the total authorized principal amount of [\$2,150,000], issued by the Issuer in order to provide moneys to fund a portion of a loan (the “Loan”) to be made for the account of the Issuer to Rowland Heights Preservation Limited Partnership, a California limited partnership (the “Borrower”), for the purpose of financing and refinancing the acquisition and rehabilitation of a 144-unit multifamily rental housing project

located in the Rowland Heights area of unincorporated Los Angeles County, known as “Rowland Heights Apartments” (the “Project”).

Concurrently with the issuance of this Bond, the Issuer is issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A in the aggregate face amount (maximum principal amount) of \$7,690,000 in order to provide moneys to fund the balance of the Loan.

The obligations of the Borrower under the Loan corresponding to this Bond will be evidenced by that certain [Taxable Promissory Note] in the original principal amount of [\$2,150,000] (the “Series A-T Note”) made by the Borrower to the order of U.S. Bank National Association (the “Agent”), as agent for the Issuer pursuant to a Master Agency Agreement dated as of June 1, 2010, between the Issuer and the Agent. This Bond is secured by a Master Pledge and Assignment (the “Pledge and Assignment”), dated as of June 1, 2010, by and among the Issuer, the Agent and the Holder.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date. This Bond is subject to mandatory purchase on the Remarketing Date set forth above (as such date may be extended pursuant to the terms of the Pledge and Assignment) at a purchase price equal to the outstanding principal amount of this Bond on such Remarketing Date plus interest due and payable hereon to such Remarketing Date as set forth in the Pledge and Assignment. In the event there are insufficient proceeds from such remarketing of the Bonds to pay such purchase price on the Remarketing Date, the Bonds shall be subject to mandatory redemption on the Remarketing Date.

Prior to the Remarketing Date set forth above (the “Remarketing Date”), this Bond shall bear interest as provided in the Series A-T Note. On and following the Remarketing Date, this Bond shall bear interest at the Post Remarketing Date Rate as defined in and determined pursuant to the Pledge and Assignment.

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

The payment or prepayment of the principal, interest, premium, late payment fees and other amounts due on this Bond shall be identical with and shall be made on the same terms and conditions as the payments or prepayments of principal, interest, premium, late payment fees and other amounts due on the Series A-T Note. Any payments or prepayments made by the Borrower of principal, interest, premium, late payment fees and other amounts due on the Series A-T Note shall be deemed to be like and corresponding payments or prepayments of principal, interest, premium late payment fees and all other amounts due on this Bond. Said payments or prepayments by the Borrower shall be deemed to have been constructively received by the Holder as payments or prepayments on this Bond on the date of receipt by the Agent under the Series A-T Note, and interest on this Bond with respect to each principal payment or

prepayment shall cease to accrue upon receipt thereof by the Agent. Payments or prepayments of principal, interest, premium, late payment fees and other amounts due shall be remitted to the Holder by the Agent immediately.

This Bond shall be subject to redemption as provided in the Pledge and Assignment.

This Bond (or any participation interest therein) may be sold, assigned, transferred, participated or otherwise disposed of only in Authorized Denominations (as defined in the Pledge and Assignment). This Bond (or any participation interest therein) may not be sold, assigned, transferred, participated or otherwise disposed of, in whole or in part, except upon satisfaction of the requirements of the Pledge and Assignment.

Subject to the foregoing, this Bond is transferable upon the books of the Issuer at the office of the Agent, by the registered Holder hereof in person or by its attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Agent, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer, the Agent will note the date of registration and the name and address of the newly registered Holder on the books of the Issuer and in the registration blank appearing below. The Issuer may deem and treat the person in whose name this Bond is last registered upon the books of the Issuer, with such registration noted on this Bond, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest and for all other purposes; all such payments so made to the registered Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

All of the agreements, covenants, conditions, limitations, provisions and stipulations contained in the Pledge and Assignment are hereby made a part of this Bond to the same extent and with the same effect as if they were fully set forth herein. If any payment of the principal of, premium, if any or interest hereon is not made when due in accordance with the terms and conditions of this Bond, then the Holder may at its right and option declare immediately due and payable the principal of this Bond and interest accrued hereon to the date of declaration of such default, together with any attorneys' fees incurred by the Holder in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Pledge and Assignment, notwithstanding anything to the contrary therein and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in this Bond or the Pledge and Assignment.

The remedies of the Holder, as provided herein and in the Pledge and Assignment, may be pursued at the sole discretion of the Holder and may be exercised as often as occasion therefor shall occur. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as a continuing waiver or as a bar to or waiver of any right or remedy as to a subsequent event.

This Bond may not be amended without the prior written consent of the Issuer and the Holder and the Agent.

This Bond and the interest hereon is a limited obligation of the Issuer, payable solely from the Collateral, which is hereby specifically assigned and pledged to such purposes in the manner and to the extent provided herein. None of the Issuer (except to the limited extent set forth in the Pledge and Assignment), the County of Los Angeles (the "County"), the State of California (the "State"), or any political subdivision thereof shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever of the Issuer, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

This Bond, together with the interest and premium (if any) hereon, shall not be deemed to constitute a debt or liability of the Issuer (except to the limited extent set forth in the Pledge and Assignment), the County, the State or any political subdivision thereof, but shall be payable solely from the funds provided therefor pursuant to the Pledge and Assignment. This Bond is only a limited obligation of the Issuer as provided by the Act, and the Issuer shall under no circumstances be obligated to pay the Bonds except from the Collateral.

Neither the faith and credit nor the taxing power the Issuer, the County, the State, any public agency or any political subdivision of the State, is pledged to the payment of the principal of, premium, if any, or interest on this Bond, nor is the Issuer, the County, the State, or any public agency or any political subdivision of the State, in any manner obligated to make any appropriation for such payment.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Pledge and Assignment contained, against the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff, or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Issuer, any member of its governing bodies and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of the Pledge and Assignment and the issuance of the Bonds.

Neither the Borrower, the Agent nor any Holder shall look to the Issuer, or its council members, directors, officers, attorneys, accountants, financial advisors, agents or staff or any successor or public entity for damages suffered by the Borrower, the Agent or such Holder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under the Pledge and Assignment, the Master Agency Agreement, the Bonds, the Regulatory Agreement or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although the Pledge and Assignment recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in the Pledge and Assignment shall be construed to

preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Agent or any other person.

It is intended that this Bond is made with reference to and shall be construed as a contract governed by the laws of the State of California.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed and attested to on its behalf by the manual or facsimile signature of its duly authorized officers all as of the Dated Date hereof.

THE HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Commissions

ATTEST:

Sachi A. Hamai  
Executive Officer of the  
Board of Commissions

\_\_\_\_\_  
Deputy





**EXHIBIT B**  
**FORM OF INVESTOR'S LETTER**

[DATE]

The Housing Authority of the  
County of Los Angeles  
Monterey Park, California

Re: [The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments), 2010 Series A] [The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments), 2010 Series A-T]

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Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated June \_\_, 2010, and bearing interest from the date of issuance thereof, in fully registered form and in the aggregate [principal amount of \$7,690,000] [face amount (maximum principal amount) of [\$2,150,000]], constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Investor.

The undersigned acknowledges that the Bonds have been issued for the purpose of making a mortgage loan to assist in the financing and refinancing of the acquisition and rehabilitation of a certain multifamily rental housing development located in the County of Los Angeles, State of California (the "Project"), as more particularly described in that certain Loan Agreement, dated of as June 1, 2010 (the "Loan Agreement"), by and between U.S. Bank National Association, as Agent (the "Agent"), and Rowland Heights Preservation Limited Partnership, a California limited partnership (the "Borrower"). The undersigned further acknowledges that the Bonds are secured by a certain Master Pledge and Assignment dated June 1, 2010 (the "Pledge and Assignment"), among the Issuer, the Agent and the undersigned as Holder, which among other things, creates a security interest in loan repayments made pursuant to the Loan Agreement for the benefit of the holders and owners of the Bonds, and by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing with respect to the Project (the "Mortgage"), which creates a security interest in the Project, subject to permitted encumbrances, as provided therein. Terms not otherwise defined herein shall have the meanings assigned thereto in the Pledge and Assignment.

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor hereby certifies that it is a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933, as amended.
2. The Bonds are being acquired by the Investor for investment and not with a view

to, or for resale in connection with, any distribution of the Bonds or any beneficial interest therein, and the Investor intends to hold the Bonds for its own account, for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds or any beneficial interest therein, except to an Affiliate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible due to unmarketability of the Bonds. The Investor understands that the Bonds may not be transferred except in whole to a qualified institutional buyer.

3. The Investor understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "Act"). The Investor acknowledges that the Issuer requires that, if the Bonds are disposed of by it to anyone other than an Affiliate, current information, including all current financial statements with respect to the Project, which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds and the Project must be furnished to any prospective purchaser (other than an Affiliate), and that any disclosure document must be delivered to the Issuer before the Bonds are offered for sale to any prospective Investor, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

4. The Investor acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower may have no significant assets other than the Project. To the extent deemed appropriate in making its investment decision, the Investor has discussed the Borrower's financial condition and the Borrower's current and proposed business activities with the Borrower. The Investor further acknowledges that it has such knowledge and experience in business matters that it is fully capable of evaluating the merits and risks of this investment and it is able to bear the economic risk of this investment. The Bonds are a security of the kind the Investor wishes to purchase and hold for investment, and the nature and amount of the Bonds are consistent with the Investor's investment program. The Investor has been furnished such information and such documents as the Investor deems necessary to make a decision to purchase the Bonds, including copies or forms of the Pledge and Assignment, the Loan Agreement, the Mortgage and the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2010, by and between the Issuer and the Borrower, and certain other documents relating to the Bonds and the Project, all of which documents the Investor has reviewed, including provisions relating to defaults, default remedies and mandatory redemptions. Specifically, but without limitation, the Investor has reviewed information about the Project, the concept for the Project, and the property manager for the Project, as well as information about the investment risks relating to the Bonds, and the Investor understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Investor understands and acknowledges that, among other risks, the Bonds are payable solely from revenues and related collateral pledged under the Pledge and Assignment. The Investor has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes.

5. The Investor has received from the Issuer no formal or informal offering or disclosure document relating to the Bonds and has concluded that the receipt of one prior to the purchase of the Bonds is not required. It is acknowledged that no written information has been provided by the Issuer and that any written information furnished by any party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. Except as disclosed to the Issuer, the Investor is not now and has never been controlled by, or under common control with, the Borrower. Except as disclosed to the Issuer, the Borrower has never been and is not now controlled by the Investor. THE PURCHASER HAS ENTERED INTO NO ARRANGEMENTS WITH THE BORROWER OR WITH ANY AFFILIATE OF THE BORROWER IN CONNECTION WITH THE BONDS, OTHER THAN AS DISCLOSED TO THE ISSUER. The Investor hereby agrees to deliver to the Issuer a copy of any agreement between the Investor and the Borrower or any affiliate of the Borrower relating to the Bonds.

7. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

8. In entering into this transaction the Investor has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other aspects of the transactions, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing, acquisition, construction operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged by the Borrower to the Agent to secure repayment of the Bonds. The Investor understands and acknowledges that the obligations of the Borrower under the Building Loan Agreement are not recourse obligations against the general assets of the Borrower, but are secured only by the Project and certain other collateral to the extent provided in the Mortgage and the other Loan Documents.

9. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision or taxing district thereof, including, without limitation, the Issuer; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the Issuer, the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Pledge and Assignment.

10. The Investor has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service and (iv) are exempt from the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934.

11. The Investor has obtained, from representatives of the Borrower and others, all information regarding the Bonds that it has deemed relevant. The Investor has asked of the Borrower and all other relevant parties all the questions to which the Investor desired answers, and has had those questions satisfactorily answered. Neither the Borrower nor the Issuer nor any other relevant party has refused to disclose any information that Investor deems necessary or appropriate to its decision to purchase the Bonds.

12. Although the Investor does not intend at this time to dispose of all or any part of the Bonds or any beneficial interest therein (other than to an Affiliate), the Investor acknowledges that it has the right to sell and transfer the Bonds and participations in the Bonds, subject to the requirements of Section 4.04 of the Pledge and Assignment.

13. The Investor hereby certifies that it has read and understands the Pledge and Assignment and the Loan Agreement, and agrees to being the Holder.

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

[PURCHASER]

By: \_\_\_\_\_

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**MASTER AGENCY AGREEMENT**

**between**

**THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,  
as Issuer**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Agent**

**Dated as of June 1, 2010**

**Relating to**

**\$7,690,000**

**The Housing Authority of the County of Los Angeles  
Multifamily Housing Revenue Refunding Bonds  
(Rowland Heights Apartments)  
2010 Series A**

**And**

**[\$2,150,000]**

**The Housing Authority of the County of Los Angeles  
Multifamily Housing Revenue Bonds  
(Rowland Heights Apartments)  
2010 Series A-T**

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## MASTER AGENCY AGREEMENT

THIS MASTER AGENCY AGREEMENT, dated as of June 1, 2010 (this “Agreement”), between THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic of the State of California (the “Issuer”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association (the “Agent”):

### WITNESSETH:

WHEREAS, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) authorizes the Issuer to issue revenue bonds to finance and refinance the acquisition, rehabilitation and development of multifamily rental housing projects to be occupied in whole or in part by persons of very low income and to dedicate the revenue from such projects to the repayment of such bonds and to take such action and do all things that may be necessary or appropriate to carry out the powers and duties specifically granted to the Issuer by the Act;

WHEREAS, the Issuer is authorized by the Act to make loans to any person, firm, partnership or corporation licensed to do business in the State of California in furtherance of the purposes and activities stated in the Act;

WHEREAS, the Issuer has previously issued The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2000 Series A (the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of August 1, 2000 (the “Prior Indenture”), between the Issuer and U.S. Bank Trust National Association, as succeeded by U.S. Bank National Association, as trustee (the “Prior Trustee”), the proceeds of which Prior Bonds were loaned (the “Prior Loan”) to Rowland Heights Preservation Limited Partnership, a California limited partnership (the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2000 (the “Prior Loan Agreement”), among the Issuer, the Borrower, and the Prior Trustee to finance the acquisition and rehabilitation of a 144-unit multifamily residential rental housing project located in the Rowland Heights area in unincorporated Los Angeles County, commonly known as Rowland Heights Apartments (the “Project”);

WHEREAS, the Issuer has determined to assist the Borrower in refinancing the Project by issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Refunding Bonds (Rowland Heights Apartments) 2010 Series A, in the aggregate principal amount of \$7,790,000 (the “Series A Bonds”), the proceeds of which will be used, directly or indirectly, to prepay the Prior Loan, discharge the Amended and Restated Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of August 1, 2000, given by the Borrower to secure its obligation to repay the Prior Loan, and refund the Prior Bonds;

WHEREAS, the Issuer has determined to assist the Borrower in financing additional rehabilitation of the Project by issuing The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bonds (Rowland Heights Apartments) 2010 Series A-T (the “Series A-T Bonds” and, together with the Series A Bonds, the “Bonds”);

WHEREAS, the Issuer has determined that the issuance and sale of the Bonds and the application of the proceeds of the Bonds to fund a loan to the Borrower (the “Loan”), will facilitate the financing and refinancing of the Project and will accomplish a valid public purpose of the Issuer;

WHEREAS, the Bonds will be secured by a Master Pledge and Assignment dated the date hereof (the “Pledge and Assignment”) among the Issuer, the Agent and U.S. Bank National Association, a national banking association and its successors in interest, as holder of the Bonds (the “Holder”);

WHEREAS, under the Pledge and Assignment, the proceeds of the Bonds will be advanced by the Holder on the same basis upon which the advance is made to the Borrower by the Agent to finance and refinance the Project;

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

WHEREAS, it is necessary and desirable for the Issuer and the Agent to enter into this Master Agency Agreement (this “Agreement”);

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

**Section 1. Appointment of Agent.** The Issuer hereby irrevocably appoints the Agent as its agent with full authority and power to act on its behalf for the purposes set forth herein and to do all other acts necessary or incidental to the performance and execution thereof.

**Section 2. Representations of the Issuer and the Agent.**

(i) The Issuer represents and warrants to the Agent that the Issuer is a public body corporate and politic duly organized and existing under the laws of the State of California, with full power and authority to enter into the transactions contemplated by this Agreement, the Bonds and the Pledge and Assignment.

(ii) The Agent represents and warrants to the Issuer that the Agent is a national banking association duly organized and existing under the laws of the United States of America with full power and authority to enter into the transactions contemplated by this Agreement and the Pledge and Assignment and to serve as the agent of the Issuer for the purpose of making the Loan (as that term is defined in the Pledge and Assignment) to the Borrower as provided in the Loan Documents (as that term is defined in the Pledge and Assignment).

**Section 3. Authority and Agreements of the Agent.** The Agent is authorized and agrees to enter into, execute and deliver the Pledge and Assignment, on its own behalf, and the

Loan Documents as agent for the Issuer and, pursuant to the terms thereof, advance moneys on behalf of the Issuer to fund the Loan upon satisfaction of the conditions set forth therein and otherwise to act on behalf of the Issuer as provided therein. The Agent is hereby authorized, directed and empowered to exercise all of the rights, powers and remedies of the Issuer under the Loan Agreement (as that term is defined in the Pledge and Assignment) and the other Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice to or consultation with, or consent or authorization by, the Issuer, and all actions taken by the Agent under the Loan Agreement or any of the other Loan Documents shall be as valid, and shall have the same force and effect, as if taken by the Issuer. The Agent agrees to provide the Issuer, from time to time upon the Issuer's request, with copies of any policies of insurance provided by the Borrower under the Loan Documents which are required to name the Issuer as an additional insured, and shall also provide, without any request of the Issuer, any notices given by it or delivered to it pursuant to the Loan Agreement regarding the acceleration of the Loan or the foreclosure of the Mortgage (as that term is defined in the Pledge and Assignment).

**Section 4. Agent as Independent Contractor.** Except as otherwise expressly set forth herein, in the performance of its duties as Agent hereunder, the Agent is an independent contractor acting in its own behalf and for its own account and without authority, express or implied, to act for or on behalf of the Issuer in any capacity other than that of an independent contractor and in no other respect.

**Section 5. Standard of Performance.** The Agent will perform its duties hereunder in accordance with sound commercial banking practice, and in accordance with the Pledge and Assignment.

**Section 6. Successor Agent.** Anything herein to the contrary notwithstanding, any corporation or association into which the Agent may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become successor Agent hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

**Section 7. Termination by Agent.** Neither the Issuer nor the Agent may terminate this agreement so long as Agent or any Affiliate (as that term is defined in the Pledge and Assignment) of the Agent is the Holder of the Bonds. In the event the Bonds are sold, assigned, transferred or otherwise disposed of in accordance with the provisions of Sections 4.4 and 9.5 of the Pledge and Assignment, other than to an Affiliate of the Agent, either the Issuer or the Agent may terminate this Agreement upon the terms hereinafter provided in this Section 7 by giving thirty (30) days' written notice to the other party, the Borrower, the Investor Limited Partner (as defined in the Regulatory Agreement) and the Holder. Such termination shall take effect, except as to the duties of the Agent under Section 8 below, upon the appointment of a successor agent by the Issuer, as directed by the Holder or other owners of the Bonds with the consent, which shall not be unreasonably withheld, of the Issuer (such consent not being required if such Agent

is the subsequent Holder of all of the Bonds or an Affiliate thereof) and the execution, acknowledgment and delivery by the successor Agent of an instrument in substantially the form of this Agreement.

**Section 8. Obligations of Agent in the Event of Termination.** From and after the effective date of termination of this Agreement pursuant to Section 7 above, the Agent will be relieved of further responsibility in connection with the Pledge and Assignment and the Loan Documents. In the event of such termination, the Agent will pay over to the Issuer or, if the Issuer shall so direct, to any successor agent appointed by the Issuer, all moneys collected and held by it pursuant to this Agreement and/or pursuant to any other agreement, letter or arrangement relative to the Pledge and Assignment and the Loan Documents simultaneously with such termination, and turn over to the successor agent appointed by the Issuer, as provided above, all documents and records in connection with the Pledge and Assignment and the Loan Documents simultaneously with such termination. The Agent will deliver to the successor agent a full accounting, including a statement showing the monthly payments collected by it and a statement of moneys held in escrow by it for the payment of taxes, maintenance or other charges in respect of the Pledge and Assignment and the Loan Documents simultaneous with such termination. The Agent will execute and deliver to its successor, without recourse, representation or warranty of any kind, such instruments as are required to assign to the successor all its right, title and interest in all property of whatever nature which it holds as Agent of the Issuer. Where necessary, all such instruments must be filed and/or recorded in each office where such instruments are required to be filed and/or recorded. In addition, Agent shall provide to the Issuer an opinion of counsel to the Agent to the effect that all instruments necessary to transfer to the successor agent all property held by the Agent as Agent hereunder have been duly executed and delivered.

**Section 9. Term of Agreement.** Unless sooner terminated as herein provided, this Agreement will continue from the date hereof until payment in full of the Bonds.

**Section 10. Governing Law; Severability; Captions; Definitions.** This Agreement will be construed in accordance with the laws of the State of California. In the event any provision of this Agreement is held invalid by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof. Any headings of divisions of this Agreement are solely for convenience of reference and will neither constitute a part of this Agreement nor affect its meaning, construction or effect. All capitalized terms used but not defined herein shall have the meanings given in the Pledge and Assignment.

**Section 11. Regulatory Agreement Fees.** The Agent acknowledges the terms and conditions set forth in Section 20 of the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2010, by and between the Issuer and the Borrower, and covenants to give written notification to the Borrower of fees due to the Issuer from the Borrower pursuant to said Section 17 not less than 15 days prior to the due dates thereof. Upon receipt of such fees from the Borrower, the Agent shall transfer such payments to the Issuer. In the event that said fees are not paid by the Borrower to the Agent as required by Section 17 of the Regulatory Agreement, the Agent shall promptly notify the Borrower, with a copy of such notification given to the Issuer, of the Borrower's failure to pay said fees and shall demand immediate payment of said fees to the Agent. In no event shall the Agent be liable to

the Issuer for the failure of the Borrower to make the payments, or to give any notice, described in this Section 11.

The Agent further acknowledges that in order to preserve the tax-exempt status of the 2010 Series A Bonds, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable and the Agent agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of the Borrower's obligation to rebate excess investment earnings by June 1 of each fifth year, commencing June 1, 2015, and upon the final maturity on redemption in full of the Series A Bonds. However, in no event shall the Agent be liable to the Issuer or the Borrower for any failure to so notify or remind the Borrower.

**Section 12. Notices.** Any notice provided for herein must be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered and postage prepaid, addressed as follows:

If to the Issuer:

The Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755  
Attention: Gregg Kawczynski, Manager, Housing  
Development and Preservation Division  
Facsimile: (323) 890-9715  
Telephone (323) 890-7269

and

Attention: Jewel Warren-Reed  
Principal Bond Administrator  
Facsimile: (323) 890-9715  
Telephone: (323) 838-7768

If to the Agent:

U.S. Bank National Association  
Commercial Real Estate Division  
633 West 5<sup>th</sup> Street, 29<sup>th</sup> Floor  
MC: LM-CA-T29R  
Los Angeles, California 90071  
Attention: Community Lending Department

If to the Holder:

U.S. Bank National Association  
Commercial Real Estate Division  
633 West 5<sup>th</sup> Street, 29<sup>th</sup> Floor  
MC: LM-CA-T29R  
Los Angeles, California 90071  
Attention: Community Lending Department

or at such other address as any of them may designate by notice duly given in accordance with this Section 12 to the others.

**Section 13. Consent to Assignment.** The Issuer agrees that Agent shall have the right to assign all of its rights under this Agreement, and under all instruments and documents executed by it as Agent of the Issuer pursuant to this Agreement, to an Affiliate of Agent, or to a subsequent Holder of all of the Bonds or an Affiliate thereof. The Issuer will execute and deliver to Agent any documents necessary to effectuate such assignment, and will not take any action to impair Agent's right to assign such rights pursuant to this Section 13.

**Section 14. Execution Counterparts.** This Agreement may be executed, acknowledged and delivered in any number of counterparts. Each such counterpart will constitute an original but all of such counterparts taken together will constitute one agreement.

IN WITNESS WHEREOF, the Issuer and the Agent have each caused this Agreement to be executed in their respective names as of the date first above written.

Issuer

THE HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Executive Director

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

By: \_\_\_\_\_  
Deputy

Agent

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Vice President