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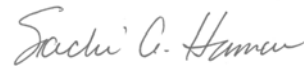
ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

December 06, 2011

#1-H DECEMBER 6, 2011

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


SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**ADOPT RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN UNINCORPORATED
FLORENCE-FIRESTONE
(DISTRICT 1) (3 VOTE)**

SUBJECT

This letter requests that your Board authorize the issuance, sale and delivery of tax-exempt Multifamily Housing Mortgage Revenue Bonds (Bonds) for Slauson Station, a 30-unit multifamily project. The Bonds will finance site acquisition and construction for Slauson Station, which will be located at 1707-1717 East 61st Street in unincorporated Florence-Firestone.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that this adoption of a resolution authorizing the issuance, sale and delivery of the tax-exempt Bonds is not subject to the California Environmental Quality Act (CEQA) because the proposed activity will not have the potential for causing a significant effect on the environment.
2. Adopt and instruct the Chairman to sign the attached Resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of the tax-exempt Bonds by the Housing Authority of the County of Los Angeles (Housing Authority), in an aggregate amount not exceeding \$6,850,000, to assist Slauson Station Apartments, L.P. (Developer), in financing the acquisition, construction and development of Slauson Station Apartments, a 30-unit multifamily rental housing development located at 1707-1717 East 61st Street in unincorporated Florence-Firestone.
3. Authorize the Executive Director or his designee to negotiate, execute, and if necessary amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of

the Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the issuance, sale and delivery of the tax-exempt Bonds, in an aggregate amount not to exceed \$6,850,000, to finance the acquisition, construction and development of the Slauson Station Apartments. This action will also allow the Bonds to qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The Developer will repay the Bonds solely through rent revenues, and will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Housing Authority issues tax-exempt Multifamily Housing Mortgage Revenue Bonds on an ongoing basis to provide financing to increase the supply of multifamily housing for very low, low-, and moderate-income households throughout Los Angeles County.

Slauson Station Apartments will be located at 1707-1717 East 61st Street in unincorporated Florence-Firestone and will consist of a three story apartment building with five one-bedroom units, 14 two-bedroom units and 11 three-bedroom units. Four of the units will be reserved for households with incomes that do not exceed 30% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Nine of the units will be reserved for households with incomes that do not exceed 35% of AMI, and sixteen units will be reserved for households with incomes that do not exceed 50% of AMI. The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements.

On February 18, 2011, the Housing Authority conducted a public hearing regarding the issuance of the Bonds, at its office located at 2 Coral Circle in Monterey Park. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the development.

On July 5, 2011, your Board adopted an Inducement Resolution declaring the intent of the Housing Authority to undertake the financing of a Multifamily Housing Mortgage Revenue Bond project in accordance with United States Treasury Department Regulations. This action established a base date after which costs incurred by the Developer for the Slauson Station Apartments could be included in the acquisition, construction and permanent financing obtained pursuant to the issuance of tax-exempt bonds.

On July 5, 2011, the Board of Supervisors adopted a resolution approving issuance of the bonds, as authorized by Section 147(f) of the Internal Revenue Code of 1986.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel. All other related documents, in substantially final form, are on file with the Executive Office of the Board. They will be approved as to form by County Counsel

prior to execution by the authorized parties.

On November 16, 2011 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

This action is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

The Community Development Commission prepared an Environmental Assessment for this Development pursuant to NEPA requirements. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on August 2, 2005. Following the required public and agency comment period, HUD issued a Release of Funds for the Development on August 23, 2005.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, by the Board of Commissioners on May 2, 2006 and filing of the Notice of Determination satisfies CEQA requirements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to facilitate bond financing for the Slauson Station Apartments, which will increase the supply of affordable housing in the County with long-term affordability.

Respectfully submitted,



SEAN ROGAN
Executive Director

SR:jwr

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE BOND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,850,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS SLAUSON STATION APARTMENTS, 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 the acquisition, construction and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of a bond for the financing of the Slauson Station Apartments to be located at 1707-1717 East 61st Street, Los Angeles, Los Angeles County, California (the "Project") for the benefit of Slauson Station Apartments, L.P.; 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 provide financing for the Project through the issuance and sale of the Bonds (as hereinafter defined) in order to assist in the acquisition, construction and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the Authority hereby determines to issue its Multifamily Housing Revenue Bond (Slauson Station Apartments), Series 2011D (or such other series designation as may be designated by officers or agents of the Authority), in one or more series or subseries, each with an appropriate series designation (the "Bonds"), in an aggregate principal amount not to exceed \$6,850,000. The Bonds shall bear interest at the interest rates set forth in or determined in accordance with an indenture of trust (the "Indenture"), maturing as provided in the Indenture, but not later than 36 years (subject to any limitations set forth in the Act, Authority policy or applicable law) from the date of issue. The Bonds shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bonds are prepared.

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

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.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the 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 Indenture. The Bonds may, if so provided in the Indenture, be issued as a “draw down” bond to be funded over time as provided in the Indenture. The date, maturity 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 Indenture as finally executed.

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

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee 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.

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

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether

before or after the issuance of the 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.

8. 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 to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority.

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

10. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 6th day of December, 2011, by the following vote:

AYES: Supervisor Ridley-Thomas, Yaroslavsky, Knabe and Antonovich

NOES: None

ABSENT: Supervisor Molina

ABSTAIN: None

By: Zev Yaroslavsky
Zev Yaroslavsky
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer
of the Board of Commissioners

By: Benjamin Zavala
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: Behnaz Ashakmaz
Deputy

FILED
2011 NOV 23 AM 10:20

INDENTURE OF TRUST

Between

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,

as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

relating to

\$6,850,000

**The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(Slauson Station Apartments)
Series 2011D**

Dated as of December 1, 2011

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) dated as of December 1, 2011 by and between **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out, with a corporate trust office in Los Angeles, California, as trustee (together with its successors and assigns, the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the Issuer is empowered to issue the below-defined Bond and other indebtedness to finance the acquisition and construction of multifamily rental housing; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments, and intended to be occupied in part by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on July 5, 2011 the Board of Commissioners of the Issuer passed a resolution supplementing the December 2, 2008 resolution indicating the Issuer’s intent to provide for the issuance of revenue bonds to finance the acquisition and construction of Slauson Station Apartments, a 30-unit multifamily residential rental project located in the County of Los Angeles at 1707-1717 East 61st Street, Los Angeles, California (the “Project”) and the Board of Commissioners of the Issuer subsequently adopted a resolution dated [DATE], 2011 (the “Resolution”) authorizing the issuance of bonds for such purpose; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer deems it desirable and in keeping with its purposes to issue its Multifamily Housing Revenue Bond (Slauson Station Apartments) Series 2011D (the “Bond”) to fund a loan (the “Loan”) to Slauson Station Apartments, L.P. (the “Borrower”), as evidenced by a Promissory Note, in the initial maximum principal amount of \$6,850,000 relating to the Bond (the “Note”) in order to finance the acquisition and construction of the Project; and

WHEREAS, under the terms of a Loan Agreement dated as of December 1, 2011 (the “Loan Agreement”), the Issuer has agreed to make the Loan to the Borrower; and the Borrower has agreed to the repayment of the sums borrowed pursuant thereto and has executed or caused

to be executed the Mortgage and the Loan Documents (as such terms are hereinafter defined) with respect to the Project to secure, among other things, its payment and other obligations under the Loan Agreement; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bond have been in all respects duly and validly authorized by the Issuer; and

WHEREAS, terms not otherwise defined in the recitals or granting clauses hereof shall have the meanings as hereinafter defined; and

WHEREAS, all things necessary to make the Bond, when issued as provided in this Indenture and authenticated by the Trustee, a valid, binding and legal limited obligation of the Issuer according to the import thereof, and to constitute this Indenture a valid contract for the security of the Bond, have been done and performed; and the execution and delivery of this Indenture, and the execution, delivery and issuance of the Bond, subject to the terms hereof, have in all respects been duly authorized; and

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bond by the Holder thereof, in order to secure the payment of the principal and premium, if any, of and interest on the Bond according to its tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bond, does hereby grant, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns, the following (excepting, however, the Unassigned Issuer's Rights):

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer (excluding Unassigned Issuer's Rights) in and to the Loan Agreement and the Note, including, but not limited to, all sums (including Project Revenues) which the Issuer is entitled to receive from the Borrower pursuant to the Loan Agreement and the Note (but excluding Unassigned Issuer's Rights), all moneys and investments held in Funds and accounts held by the Trustee under this Indenture (excluding moneys and investments held in the Rebate Fund and rebatable arbitrage required to be deposited in the Rebate Fund), and all other sums required to be deposited in the Funds and accounts in accordance with Article V of this Indenture;

GRANTING CLAUSE SECOND

All the Issuer's right, title and interest in all property mortgaged, pledged and assigned under the Mortgage and the Loan Documents to secure the Bond, all rights, remedies and amounts payable under the Note and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or by anyone on its behalf or with its written consent, and the Trustee is

hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof; and

GRANTING CLAUSE THIRD

The earnings derived from the investment of any of the foregoing sums (excluding moneys and investments held in the Rebate Fund and rebatable arbitrage required to be deposited in the Rebate Fund) as provided herein.

TO HAVE AND TO HOLD all the same (herein called the “Trust Estate”) with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of the Holder from time to time of the Bond issued under and secured by this Indenture, all for the uses and purposes and upon the terms, agreements and conditions set forth herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Bond and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Bond according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required hereby or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease and terminate, except as otherwise provided herein.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that the Bond issued and secured hereunder is to be issued, authenticated and delivered and all payments, revenues, income and funds hereby pledged and assigned, are subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the holder and owner of the Bond, as follows:

ARTICLE I

DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

Section 1.01. Definitions. In this Indenture the following terms have the following meanings unless the context hereof clearly requires otherwise, and any other terms defined in the Loan Documents shall have the same meanings when used herein as assigned them in the Loan Documents unless the context or use thereof indicates another or different meaning or intent:

“Act” means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as supplemented and amended to the Closing Date.

“Act of Bankruptcy” means any of the following events:

(a) The Borrower or the Issuer shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Borrower or the Issuer or of all or a substantial part of the property of the Borrower or the Issuer, (ii) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect) or (iii) file a petition with respect to itself seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(b) A proceeding or case shall be commenced without the application or consent of the Borrower or the Issuer, as the case may be, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up or the composition or adjustment of debts of the Borrower or the Issuer, (ii) the appointment of a trustee, receiver, custodian or liquidator of the Borrower or the Issuer or of all or any substantial part of the assets of the Borrower or the Issuer or (iii) similar relief in respect of the Borrower or the Issuer under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts and such proceeding or case shall not be dismissed within 60 days of such filing.

For purposes of this Indenture and the Loan Agreement, an Act of Bankruptcy shall be deemed dismissed only if (A) the petition is dismissed by order of a court of competent jurisdiction and no further rights exist from such order and (B) the Borrower or the Issuer, as the case may be, notifies the Trustee that such a dismissal has occurred.

“Additional Charges” means payments required to be paid by the Borrower to the Trustee pursuant to Section 3.28 of the Loan Agreement.

“Arbitrage Consultant” or “Rebate Consultant” means any accountant, law firm or consultant experienced in the calculation of arbitrage rebate selected by the Borrower and approved by the Issuer.

“Architect” means, Jones & Martinez Architects, Inc., or any other architect for the Project selected by the Borrower and approved by the Bondowner Representative.

“Architectural Contract” means that certain contract executed between the Architect and the Borrower and dated as of May 4, 2011, as it may be amended from time to time after receipt of the written consent of the Bondowner Representative.

“Authorized Borrower Representative” means, with respect to the Borrower, any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer, the Bondowner Representative and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower (including any successor or assign) if the Borrower is a general partnership or a limited partnership, any

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

“*Authorized Issuer Representative*” shall mean the Chair of the Board or Executive Director of the Issuer, or such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished to the Trustee and the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Issuer Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative.

“*Bank*” means Nara Bank, a California banking corporation, or its successors and assigns.

“*Bankruptcy Code*” means the United States Bankruptcy Reform Act of 1978, as amended, or any similar or succeeding federal bankruptcy law.

“*Basic Payments*” means the payments of principal, interest and premium required to be made by the Borrower pursuant to the Note as calculated by the Bondowner Representative.

“*Bond*” means collectively the Issuer’s Multifamily Housing Revenue Bond (Slauson Station Apartments) Series 2011D issued pursuant to this Indenture.

“*Bond Closing*” means the date on which there is delivery by the Issuer of, and payment of the initial drawdown amount with respect to, the Bond.

“*Bond Counsel*” means any bond counsel firm experienced in tax-exempt private activity bond financing selected by the Issuer.

“*Bond Documents*” means this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

“*Bond Fund*” means the Fund created by Section 5.04 of this Indenture.

“*Bondholder*,” “*Bondowner*” or “*Holder*” means the person in whose name the Bond is registered in the Bond Register.

“*Bondowner Representative*” means (a) the Bank or any affiliate of the Bank (or any successor to the Bank, whether by merger, acquisition of assets or otherwise), so long as the Bank or such affiliate owns the Bond and (b) if neither the Bank nor any affiliate of the Bank (or

any such successor) owns the Bond, then the owner of the Bond or a person appointed to be the Bondowner's Representative by such Bondholder.

“*Bond Register*” means the bond register maintained by the Bond Registrar pursuant to Section 2.11 of this Indenture.

“*Bond Registrar*” means U.S. Bank National Association and any successor thereto appointed, qualified and then acting as such under the provisions of this Indenture.

“*Bond Year*” means the one-year period beginning on December 1 (or, in the case of the initial Bond Year, on the Closing Date) and ending on the next succeeding November 30, provided that the first Bond Year shall begin on the date of the Bond Closing and end on November 30, 2012.

“*Borrower*” means Slauson Station Apartments, L.P., a California limited partnership, authorized to do business in the State, its successors and assigns, and any surviving, resulting or transferee entity which may assume its obligations under the Loan Documents.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the city, where the principal corporate trust office of the Trustee and the Bond Registrar are located, are authorized by law or executive order to close.

“*City of Industry Loan*” means a loan to Borrower in an amount not to exceed \$2,300,000 made by the Housing Authority of the County of Los Angeles with City of Industry tax increment funds.

“*Closing Date*” means [December __, 2011].

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

“*Completion Date*” means the date shown as the Completion Date in Exhibit C to the Loan Agreement, or such later date as the Bondowner Representative approves.

“*Computation Year*” means each one year (except in the case of the initial Computation Year) period ending on [DATE] and each anniversary thereof.

“*Condemnation*” or the phrase “*eminent domain*” as used herein shall include the taking or requisition by Governmental Authority or by a person, firm or corporation acting under governmental authority and a conveyance made under threat of such taking or requisition, and “*Condemnation Award*” shall mean payment for property condemned or conveyed under threat of Condemnation.

“*Costs of Issuance*” means, with respect to the Bond, all expenses incurred in connection with the authorization, sale, issuance and delivery of the Bond, including, without limitation, counsel fees (including Bond Counsel, Trustee’s Counsel and Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond), Issuer’s costs, financial advisory fees and accountant fees related to issuance of the Bond, initial Trustee, Registrar and Paying Agent fees, title insurance fees, survey fees and recording and filing fees, including any applicable documentary stamp taxes, intangible tax and the mortgage registration tax.

“*Costs of Issuance Fund*” means the fund created by Section 5.10 of this Indenture.

“*Dated Date*” the initial date upon which the Bond is issued.

“*Debt Service on the Bond*” means the interest amounts and principal amounts payable by the Borrower pursuant to the Loan Agreement and the Note sufficient to pay all principal of, and interest as and when due on, the Bond.

“*Default Rate*” means five percent (5%) per annum in excess of the interest rate borne by the Bond from time to time but in no case in excess of the Maximum Rate.

“*Defeasance Collateral*” shall have the meaning set forth in Section 7.01 of this Indenture.

“*Determination of Taxability*” means a final judgment or order of a court of original jurisdiction, a final order of any other court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest on the Bond (other than interest for a period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is not excludable from the gross income of the owners thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal or action has expired.

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

“*Discharge Date*” means the date on which all Outstanding principal of the Bond is discharged under Article VII of this Indenture.

“*Environmental Indemnity Agreement*” means that Certificate of Compliance and Indemnity Agreement Regarding Hazardous Substances entered into as of December 1, 2011, by the Borrower for the benefit of the Trustee and the Bondholder.

“*Event of Default*” means a default as set forth in Article VIII of this Indenture.

“*Extraordinary Fees and Expenses*” means all fees and expenses charged or incurred by the Trustee under this Indenture or the Loan Agreement, other than Ordinary Fees and Expenses.

“*Facility*” means the buildings and improvements located on the Project Premises as they may now or from time to time exist.

“*Floating Rate*” means prior to the Permanent Loan Conversion Date, a rate equal to the lesser of: (A) Prime plus 2%, but not less than 6.50%; or (B) the Maximum Rate.

“*Funds*” means, collectively, the Revenue Fund, the Bond Fund, the Project Fund, the Rebate Fund and the Costs of Issuance Fund.

“*General Partner*” means, collectively, Deep Green Housing and Community Development and APEC International, LLC.

“*Governmental Authority*” means any government, municipality or political subdivision thereof; any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body; any court, administrative tribunal or public utility; or any central bank or comparable authority.

“*Guarantor*” means collectively, APEC International, LLC, Eugene Kim and Keely Hahn.

“*Holder*” or “*Bondholder*” means the person in whose name the Bond is registered in the Bond Register.

“*HOME Loan*” means loan to Borrower in an amount not to exceed \$2,398,845 made by the Community Development Commission of the County of Los Angeles.

“*Indenture*” means this Indenture of Trust by and between the Issuer and the Trustee, as the same may from time to time be amended or supplemented as herein provided.

“*Independent Accountant*” means a certified public accountant or firm of certified public accountants registered and qualified to practice as such under the laws of the State, and not employed by the Issuer or the Borrower, except to perform independent audits of the books and records of either or both of them or other similar periodic reviews and to perform other independent services.

“*Independent Counsel*” means any attorney acceptable to Bondowner Representative, duly admitted to practice law before the highest court of any state or of the District of Columbia, who may be counsel to the Issuer but who may not be an officer or an employee of the Issuer.

“*Initial Interest Rate*” means the interest rates borne by the Bond until the Permanent Loan Conversion Date, which shall be the Floating Rate.

“*Initial Limited Partner Contribution*” means the initial capital contribution to be made by the Investor Limited Partner to the Borrower of at least [\$100,000].

“*Intercreditor Agreement*” means that Intercreditor Agreement dated as of the date hereof between the initial Bondholder and [_____] and acknowledged by the Borrower, as amended and supplemented from time to time.

“*Investor’s Letter*” means a letter in the form of Exhibit C to this Indenture executed by the initial Bondholder and any subsequent transferee of the Bond pursuant to Sections 2.11 and 2.15 of this Indenture.

“*Investor Limited Partner*” means [R4 Capital].

“*Issuer*” means The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California and its successors and assigns.

“*Issuer’s Closing Fee*” shall mean the Issuer’s issuance fee in the amount of \$[8,563] payable by the Borrower to the Issuer on or before the Closing Date.

“*Issuer’s Fee*” means Issuer’s Closing Fee and Issuer’s Ongoing Fee.

“*Issuer’s Ongoing Fee*” shall mean the annual fee of the Issuer with respect to the Bonds in the amount as set forth in and in accordance with and pursuant to the provisions of the Regulatory Agreement.

“*LIHTCs*” means federal low-income housing tax credits pursuant to Section 42 of the Code.

“*Loan*” means the loan of sale proceeds of the Bond by the Issuer to the Borrower described in the Loan Agreement.

“*Loan Agreement*” means the Loan Agreement with respect to the Loan dated as of December 1, 2011 among the Issuer, Nara Bank and the Borrower, as the same may from time to time be amended or supplemented as provided therein and in this Indenture.

“*Loan Documents*” means the Loan Agreement, the Note, the Mortgage, the Security Agreement, the Assignment and the consents by the contracting parties to such assignments, the Environmental Indemnity Agreement, the Replacement Reserve Agreement, the Operating Reserve Agreement, the Payment and Performance Guaranty, the Security Agreement, [the Assignment of HAP Contract] and the Regulatory Agreement.

“*Maturity Date*” means January 1, 2047.

“*Maximum Rate*” means the lesser of (i) 19% per annum or (ii) the maximum rate allowed by applicable law, if any.

“*MHP Loan*” means that certain loan to be made by the State of California Department of Housing and Community Development in the amount of \$2,629,300.

“*Mortgage*” means that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2011, from the Borrower as trustor to [_____] Title Company as trustee and the Trustee as beneficiary with respect to the Project, as the same may from time to time be replaced, amended or supplemented as provided therein and in this Indenture.

“*Mortgage Default*” means the occurrence and continuance of a default under the Mortgage.

“*Mortgaged Property*” means the properties, real, personal or mixed, described in the Granting Clauses of the Mortgage, as they may at any time exist.

“*Mortgagee*” means, collectively, the Trustee and any co-trustee or successor trustee appointed, qualified and acting as such under this Indenture, as beneficiaries under the Mortgage.

“*Note*” means the Promissory Note executed by the Borrower in the maximum amount of \$6,850,000 in favor of the Trustee to evidence the Loan and as security for the Bond.

“*Operating Reserve Agreement*” means that certain Operating Reserve and Servicing Agreement between Borrower and Bondowner Representative dated December 1, 2011.

“*Ordinary Fees and Expenses*” means the fees and expenses charged or incurred by the Trustee in the fulfillment of its obligations hereunder which are reimbursable to the Trustee from the Trust Estate in an aggregate annual amount equal to [__]% of the outstanding principal amount of the Bond (with a minimum fee of \$[____] per year), payable in arrears on each Semi-annual Payment Date, commencing [June 1, 2012].

“*Outstanding Bond*” or “*Bond Outstanding*” means, as of the date of determination, the aggregate principal amount of the Bond theretofore issued and delivered under this Indenture except:

- (a) any portion of any Bond theretofore canceled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent for cancellation;
- (b) any portion of any Bond for which payment or redemption moneys or securities (as provided in Article VII) shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Holder of such Bond; provided, however, that if such portion of such Bond is to be redeemed, notice of such redemption shall have been duly given pursuant to this Indenture or irrevocable action shall have been taken to call such Bond for redemption at a stated redemption date; or
- (c) any Bond in exchange for or in lieu of which another Bond shall have been issued and delivered pursuant to Section 2.07 or other provisions of this Indenture.

“*Partnership Agreement*” means that certain Amended and Restated Agreement of Limited Partnership of Slauson Station Apartments, by and among Deep Green Housing and Community Development Corporation and APEC International, LLC [R4 Limited Partner Entity] [Special Limited Partner] dated as of [DATE], as it may be amended from time to time.

“*Paying Agent*” means the Bond Registrar, the Trustee or any other entity designated pursuant to this Indenture as the agent of the Issuer to receive and disburse the principal of and premium, if any, and interest on the Bond.

“*Payment Date*” means the first day of each month, commencing [DATE].

“*Permanent Loan Conversion Date*” means the day of satisfaction of the Conditions to Conversion as defined in Section 2 of the Note, which shall occur on or before [DATE], unless extended pursuant to the Note, but in no case beyond [DATE] which satisfaction shall be confirmed in writing to the Trustee by the Bondowner Representative.

“*Permitted Encumbrances*” means the Permitted Encumbrances defined in the Loan Agreement.

“*Permitted Investments*” means:

To the extent permitted by applicable law, any of the following investments, provided that, except for investment agreements, investments permitted under Article VI hereof and investments approved by the Bondowner Representative, none shall have a term in excess of one year:

(1) certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;

(2) investments in any of the following obligations, provided such obligations are backed by the full faith and credit of the United States: (A) direct obligations or fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, (B) debentures of the Federal Housing Administration, (C) guaranteed mortgage-backed bonds of the Government National Mortgage Association, (D) certificates of beneficial interest of the Farmers Home Administration, (E) obligations of the Federal Financing Bank, (F) project notes and local authority bonds of the United States Department of Housing and Urban Development or (G) obligations of the Private Export Funding Corp.;

(3) investments in (A) senior obligations of the Federal Home Loan Bank System, (B) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (C) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of the unpaid principal) of Fannie Mae or (D) senior debt obligations of the Student Loan Marketing Association;

(4) repurchase agreements with primary dealers and/or banks rated “A” or better by the Rating Agency collateralized with the obligations described in (i) or (ii) above held by a third-party custodian, at levels set forth in subsection (b) below;

(5) money market mutual funds, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by the Rating Agency;

(6) certificates of deposit of any bank (including the Trustee), trust company or savings and loan association (including the Bank) whose short-term obligations are rated “A-1” or better by the Rating Agency provided that such certificates of deposit are fully secured by the obligations described in (i) or (ii) above, at the levels set forth in

subsection (b) below, the Trustee has a perfected first security interest in the obligations securing the certificates and the Trustee holds (or shall have the option to appoint a bank, trust company or savings and loan association as its agent to hold) the obligations securing the certificates;

(7) certificates of deposit of any bank (including the Trustee), trust company or savings and loan association (including the Bank) which certificates are fully insured by the Federal Deposit Insurance Corporation;

(8) commercial paper rated “A-1+” or better by the Rating Agency;

(9) obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations are rated by the Rating Agency in the highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise and without regard to credit enhancement) assigned by such rating agency to obligations of that nature; and

(10) investment agreements approved in writing by the Bondowner Representative.

Collateral Percentage Levels of United States Government Securities for Repurchase Agreements and Bank Certificates of Deposit.

Remaining Maturity

Frequency of Valuation	1 year or less	5 years or less	10 years or less	15 years or less	30 years or less
Daily	102	105	106	107	113
Weekly	103	110	111	113	118
Monthly	106	116	119	123	130
Quarterly	106	118	128	130	135

Further Requirements:

(11) on each valuation date, the market value of the collateral shall be in an amount equal to the indicated collateral percentage of the obligation (including unpaid accrued interest) that is being secured;

(12) in the event the collateral level is below its required collateral percentage on a valuation date, such percentage shall be restored within the following restoration periods: one Business Day for daily valuations, two Business Days for weekly valuations and one month for monthly and quarterly valuations. The use of different restoration periods affects the requisite collateral percentage;

(13) the Trustee is hereby required to terminate the repurchase agreement upon a failure to maintain the requisite collateral percentage after the restoration period and, if

not paid by the counterparty in federal funds against transfer of the repurchase agreement, to liquidate the collateral; and

(14) collateral for all repurchase agreements must be held by third parties.

“*Plans and Specifications*” means the plans and specifications for the Facility approved in writing by Bondowner Representative, together with such amendments thereto as are made from time to time in accordance with Section 3.03 of the Loan Agreement.

“*Prime*” means the prime rate published from time to time by the Wall Street Journal.

“*Principal Corporate Trust Office*” means the corporate trust office of the Trustee at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Services or such other office designated by the Trustee from time to time.

“*Proceeds*” means the proceeds of any insurance recovery or condemnation award (or payment in lieu of condemnation) less amounts reimbursed to the Trustee and the Issuer for expenses incurred in connection therewith.

“*Proforma Schedule*” means the Proforma Schedule attached to the Loan Agreement as Exhibit F, together with such amendments to that Schedule as are made from time to time in accordance with the Loan Agreement.

“*Project*” means the Project Premises, the Facility and any and all Project Equipment located on or used in connection with the Project Premises.

“*Project Debt Service*” means all scheduled debt service on the Bond during the period in question, including all interest and scheduled principal payments.

“*Project Engineer*” means an engineer retained by the Bondowner Representative to provide consulting services to the Bondowner Representative with respect to the Project.

“*Project Equipment*” means the property described as “Personal Property” in the Mortgage.

“*Project Fund*” means the fund created under Section 5.02 of this Indenture.

“*Project Premises*” means the real property described in Exhibit B to the Loan Agreement, together with the other property and interests in real property described in Exhibit A of the Mortgage.

“*Project Revenues*” means all gross revenues and receipts derived by the Borrower from the operation of the Project during the period in question, including tenant rents and all other moneys as may be paid to or on behalf of the Borrower or to which the Borrower may be entitled with respect to this Project, excluding securities deposits but including earnings on the foregoing. Such term shall not include Extraordinary Revenues.

“*Qualified Buyer*” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

“*Qualified Project Costs*” means costs and expenses of the Project which constitute land costs or costs for property of a character subject to the allowance for depreciation excluding specifically working capital and inventory costs; provided, however, that (a) costs or expenses paid or incurred prior to 60 days before the Inducement Date (as defined in the Regulatory Agreement) shall not be deemed to be Qualified Project Costs; (b) issuance costs incurred relating to the Bond may not be treated as Qualified Project Costs; (c) interest during the rehabilitation period shall be allocated between Qualified Project Costs and other nonqualified costs and expenses paid from the proceeds of the Bond; (d) interest following the rehabilitation period shall not constitute a Qualified Project Cost; and (e) expenditures paid to the Borrower or a related party (as defined in the Code and applicable regulations) for work performed or as a profit in connection with the rehabilitation of the Project shall not constitute Qualified Project Costs.

“*Qualified Project Period*” shall have the meaning set forth in the Regulatory Agreement.

“*Rating Agency*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“*Rebate Fund*” means the fund so designated in Section 5.07 of this Indenture.

“*Rebate Requirement*” or “*Rebate Amount*” shall mean the amount of rebatable arbitrage computed for payment as of the last day of every fifth Computation Year pursuant to Treasury Regulation Section 1.148-2 or any successor regulation as may be applicable thereto; provided, however, that an opinion of Bond Counsel to the effect that no money held under the Indenture is subject to rebate shall be accepted by the Issuer and the Trustee as a substitute for such calculation.

“*Record Date*” means with respect to any Payment Date, (a) with respect to the first Payment Date, the Closing Date (b) after the first Payment Date the fifteenth day of the month (whether or not a Business Day) next preceding such Payment Date or (c) if there is a default in payment of interest due on such Payment Date, a special Record Date for the payment of such defaulted interest shall be established by the Trustee by notice mailed by the Trustee (such notice shall be mailed not less than 15 days preceding the applicable special Record Date to the Holder as set forth on the bond register of the Trustee as Registrar at the close of business on the fifth Business Day preceding the date of mailing).

“*Regulatory Agreement*” means, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2011 among the Borrower, the Issuer and the Trustee, together with any amendments and supplements thereto.

“*Related Person*” means a “*related person*” within the meaning of Section 147(a)(2) of the Code.

“*Replacement Reserve Agreement*” means that certain Replacement Reserve and Security Agreement between the Borrower and the Bondowner Representative dated as of December 1, 2011.

“*Representative*” means any Authorized Issuer Representative or Authorized Borrower Representative as the case may be.

“*Reset Rate*” means, the rate of interest to be borne by the Bond on and after the Permanent Loan Conversion Date, which shall be equal to 6.50% per annum.

“*Responsible Agent*” means any person duly authorized and designated by the Trustee, the Bond Registrar and the Paying Agent to act on its behalf in carrying out the applicable duties and powers of such entity as set forth in this Indenture; any action required by the Trustee, the Bond Registrar and the Paying Agent under this Indenture may be taken by a Responsible Agent.

“*Revenue Fund*” means the fund created under Section 5.03 of this Indenture.

“*Security Agreement*” means that certain Security Agreement (Assignment of Partnership Interests) executed by Borrower and General Partner in favor of the Trustee dated as of December 1, 2011.

“*Semi-annual Payment Date*” means each June 1 and December 1, commencing June 1, 2012.

“*State*” means the State of California.

“*Subordination Agreement*” means that Subordination Agreement dated as of December 1, 2011 among the Community Development Commission of the County of Los Angeles, the Housing Authority of the County of Los Angeles, Borrower and the Trustee.

“*Taxable Rate*” shall mean, prior to the Permanent Loan Conversion Date, the rate of Prime plus 2.7% per annum but not less than 8.775% and, on and after the Permanent Loan Conversion Date, the rate of 8.775% per annum, in either case not to exceed the Maximum Rate.

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

“*Treasury*” means the United States Department of the Treasury, and any successor to its functions.

“*Treasury Regulations*” means all proposed, temporary or final federal income tax regulations issued or amended with respect to the Code by the Treasury or Internal Revenue Service.

“*Trustee*” means U.S. Bank National Association, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of this Indenture.

“*Trust Estate*” means the Trust Estate as defined and set forth in the Granting Clauses hereof.

“*Unassigned Issuer’s Rights*” means rights of the Issuer, its commissioners, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under the Loan Agreement, its rights of access, its right to activate defaults and remedies under Article VIII hereof, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

Section 1.02. Rules of Interpretation.

(a) This Indenture shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as they may be preempted by federal rules, regulations and laws applicable to the Issuer.

(b) The words “herein” and “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Indenture as a whole rather than to any particular section or subdivision of this Indenture.

(c) References in this Indenture to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Indenture as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Indenture and shall not deny or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Indenture.

(h) Any opinion of counsel called for herein shall be a written opinion of such counsel.

(i) References to the Bond as “tax-exempt” or to the “tax-exempt status of the Bond” are to the exclusion of interest on the Bond from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

ARTICLE II

THE BOND

Section 2.01. Authorized Amount and Form of Bond. The Bond secured by this Indenture shall be issued in fully registered form without coupons and in substantially the form set forth herein with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and in accordance with the further provisions of this Article II. The aggregate principal amount of Bond that shall be issued hereunder shall be \$6,850,000, subject to funding over time, as provided herein, unless a duplicate Bond is issued as provided in Section 2.07. The Bond, together with the Certificate of Authentication, the form of Assignment, the principal log and the registration information thereon, shall be in substantially the form found at Exhibit B.

Section 2.02. Issuance of Bond. The Bond shall:

- (a) be dated as of the date of original delivery (the “Dated Date”);
- (b) be initially issued and delivered as a single fully registered Bond;
- (c) be numbered from 1 upwards in chronological order of delivery with such number being preceded by such designation as the Trustee shall determine;
- (d) mature on January 1, 2047;
- (e) bear interest as calculated in the Note on the Disbursed Amount from time to time at the Initial Interest Rate as the Floating Rate or if applicable the Default Rate from the Dated Date to and until the Permanent Loan Conversion Date and bear interest thereafter at the Reset Rate (or, in each case, the Default Rate, as herein provided) payable monthly in arrears on the first day of each month, such interest to accrue from the respective Dated Date, or, in the case of transfer or exchange, from the most recent Payment Date to which interest has been paid or provided for under this Indenture; if a payment of defaulted interest is to be made, the Trustee shall establish the time of such payment and shall establish the associated special Record Date therefor as provided in the definition of “Record Date”;
- (f) be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the Principal Corporate Trust Office of the Trustee or Paying Agent, provided that unless otherwise notified by the Bondowner Representative in writing, payments of principal and interest shall be paid to the Holder of the Bond on the applicable Record Date via wire transfer in immediately available funds to a designated bank account maintained by the Holder at any bank in the United States, such instructions to be delivered not less than 15 days before the payment date. The Trustee shall pay all amounts payable by the

Trustee hereunder to such Holder by transfer directly to said designated bank in accordance with the provisions of any such instrument, provided that if such amount represents a payment of the principal of any Bond, such Bond shall have been presented to the Trustee. At the written request of the Bondowner Representative (delivered not less than 15 days before the payment date) payments of principal and interest on the Bond will be payable by check or draft mailed by first class mail by the Trustee to the Record Date Holder (as defined in Exhibit B) of such Bond on the applicable Record Date at the last addresses thereof as shown in the Bond Register on the applicable Record Date, and principal of and any premium on the Bond shall be payable at the Principal Corporate Trust Office of the Trustee. Prior to the Permanent Loan Conversion Date, the Bondowner Representative, acting as servicer, shall collect and pay the accrued interest as due on the Bond to the Holder and shall provide the Trustee written notice of each such payment;

(g) be subject to redemption upon the terms and conditions and at the redemption prices specified in Article III hereof; and

(h) before the Permanent Loan Conversion Date, accrue interest at the Initial Interest Rate per annum on the Disbursed Amount calculated on the basis of a 360 day year and the actual number of days elapsed. On and following the Permanent Loan Conversion Date, accrue interest at the Reset Rate per annum on the Disbursed Amount calculated on the basis of a 360 day year, consisting of twelve (12) thirty (30) day months, and interest for any partial calendar month shall be calculated at the Reset Rate on the basis of a three hundred sixty five (365) or three hundred sixty six (366) day year (as applicable) and the actual number of days in that month. The Bondowner Representative shall, as servicer of the Loan, calculate the amount of principal and interest due monthly (together with amounts due for the Issuer's Ongoing Fee) and submit such calculations to the Trustee in writing at least 3 Business Days before each Payment Date and shall confirm to the Trustee in writing the Permanent Loan Conversion Date. The Trustee shall, absent manifest error, accept such calculations.

Notwithstanding anything contained herein to the contrary, during any period of time that the Note bear interest at the Default Rate, the Bond shall also bear interest at the Default Rate, and at any time after a Determination of Taxability the Bond shall bear interest at a Taxable Rate.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on the Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment. Furthermore, the Trustee shall, in all circumstances, pass through to the Bondowner (on a pro rata basis), as soon as practicable following receipt by the Trustee, all amounts received by the Trustee in payment of principal of premium, if any, and interest on the Bond if received after the date due hereunder.

All payments so made shall be valid and effective to satisfy and discharge the liability upon the Bond. Notwithstanding the foregoing, all payments of principal of and interest on the

Bond payable on the Maturity Date or any date of redemption except pursuant to 3.01(c) shall only be payable upon presentation of the Bond at the Principal Corporate Trust Office of the Trustee so as to permit an appropriate notation to be made on Schedule A thereto. The Bondholder may instruct the Trustee to hold the Bond on behalf of the Bondholder to facilitate payments pursuant hereto.

Section 2.03. Execution. The Bond shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the Issuer. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of the Bonds or shall not have held such offices at the date of the Bond.

Section 2.04. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the applicable form set forth in Exhibit B shall have been manually executed by the Bond Registrar. Certificates of authentication on different Bond certificates need not be signed by the same person. The Bond Registrar shall authenticate each Bond by execution of the certificate of authentication on the Bond; and the certificate of authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Indenture.

Section 2.05. Conditions Precedent to the Delivery of Initial Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Bond Registrar, and the Bond Registrar shall authenticate, the initial Bond and shall deliver the initial Bond to or upon the order of the initial purchaser thereof at such time or times as may be directed by the Issuer after the Trustee has received the following:

- (a) original executed counterparts of the Loan Agreement and this Indenture;
- (b) an original executed copy of the Mortgage;
- (c) an original executed copy of the Regulatory Agreement;
- (d) an original executed copy of the Subordination Agreement;
- (e) copies of original executed counterparts of all Loan Documents not specifically referred to in paragraphs (a) through (d) above;
- (f) a copy of the resolutions adopted by the governing body of the Issuer, authorizing the execution and delivery of this Indenture and the Loan Agreement and issuance of the Bond;
- (g) a request and authorization to the Trustee on behalf of the Issuer, signed by an Authorized Issuer Representative, to deliver the Bond to the purchaser identified upon payment to the Trustee for the account of the Issuer of a specified sum;

(h) the opinion of counsel to the Borrower in the form required by the Issuer and counsel to the Bondowner Representative, addressed to the Issuer, the Trustee and the Bondowner Representative;

(i) the opinion of counsel to the Issuer, in the form required by the Issuer, addressed to the Issuer, the Trustee and the Bondowner Representative;

(j) the opinion of Bond Counsel, addressed to the Issuer and the Trustee with a reliance letter addressed to the Bondowner Representative, to the effect that (i) the Bond is a valid obligation of the Issuer and (ii) interest on the Bond is excludable from gross income of the owner thereof for federal income tax purposes and interest on the Bond is exempt from personal income taxes of the State;

(k) the delivery to the Trustee of a Letter of Credit in favor of the Issuer and the Trustee in the amount of \$[_____];

(l) an original executed copy of the Partnership Agreement;

(m) an original of an Investor's Letter executed by the Bondowner Representative and addressed to the Trustee and the Issuer in the form of Exhibit C;

(n) receipt by the Trustee from the Bondowner Representative of the sum of \$[_____] as the initial purchase price of the Bond, for deposit in the Project Fund; and

(o) any other documents or opinions which the Issuer or Bond Counsel may reasonably require.

Section 2.06. Drawdown Bond Provisions. The Bondowner Representative shall fund the purchase price of the Bond from time to time to provide funds for deposit in the Project Fund for the payment of requisitions therefrom. Amounts funded in such manner shall be noted on the principal log in the form attached to the Bond and acknowledged thereon by the Trustee, provided the Trustee may maintain such principal log through its bond recordkeeping system. Such amounts shall constitute Disbursed Amounts, and shall begin to accrue interest, only upon deposit by the Bondowner Representative of such funds with the Trustee for credit to the Project Fund. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bond funded by the Bondowner Representative may not exceed \$6,850,000 and provided that no additional amounts may be funded after [December 1, 2014].

Section 2.07. Mutilated, Lost or Destroyed Bond. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the Issuer shall, if not then prohibited by law, cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like amount, maturity date and tenor, but bearing a number not contemporaneously Outstanding, in exchange and substitution for and upon cancellation of any such mutilated Bond, or in lieu of and in substitution for any such Bond destroyed or lost, upon the Holder's paying the reasonable expenses and charges of the Bond Registrar and the Issuer and, in the case of a Bond destroyed or lost, the Holder's filing with the Bond Registrar of evidence satisfactory to the Bond Registrar and the Trustee that such Bond was destroyed or lost, and of the Holder's ownership thereof, and furnishing the Issuer, the Trustee and the Bond Registrar with indemnity satisfactory to them. If

the mutilated, destroyed or lost Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

Section 2.08. [Reserved].

Section 2.09. Ownership of Bond. The Issuer, the Trustee, the Bond Registrar and Paying Agent may deem and treat the Holder of the Bond, whether or not the Bond shall be overdue, as the absolute owner of the Bond for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Issuer (or any agent thereof), the Trustee, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

Section 2.10. [Reserved].

Section 2.11. Registration, Transfer and Exchange of Registered Bond.

(a) The Trustee shall, at the expense of the Borrower, register, prepare, execute and authenticate a fully registered Bond, shall cause to be kept at the Principal Corporate Trust Office of the Bond Registrar a Bond Register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Trustee shall provide for the registration of the Bond and the registration of transfers of the Bond. The Bond Register shall contain a record of the Bond, including bond number and principal amount at any time authenticated hereunder, together with the name and address of the Holder thereof, the date of authentication, the date of transfer or payment, and such other matters as are appropriate for the Bond Register in the estimation of the Bond Registrar and the Trustee.

(b) The transfer of the Bond is subject to registration by the Holder thereof only upon compliance with the conditions for registration of transfer imposed on the Holder under this Section 2.11 and under Section 2.15 hereof. Upon surrender of the Bond at the Principal Corporate Trust Office of the Bond Registrar, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to “bearer” or a similar designation), a new Bond of a like aggregate principal amount, and the same stated maturity, tenor and interest rate.

(c) [Reserved].

(d) Each Bond delivered in exchange for or upon transfer of a Bond shall be a valid special obligation of the Issuer evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bond surrendered for such exchange or transfer.

(e) Registration of the transfer of each Bond may be made on the Bond Register by the Holder in person or by the Holder’s attorney duly authorized in writing. Each Bond presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 2.15 of this Indenture, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in the form printed on the Bond or in another form satisfactory to the Bond Registrar, duly executed and with guaranty of signature of the Holder thereof or his, her

or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Bond.

(f) No service charge shall be made to the Holder for any registration, transfer or exchange, but the Bond Registrar and Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of any Bond, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Bondholders, and any legal or unusual costs of transfers and lost bonds.

(g) The Bond Registrar shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption or purchase of such Bond under this Indenture and ending at the close of business on the day of such mailing or (ii) to transfer or exchange such Bond so selected for redemption or purchase in whole or in part.

Section 2.12. Nonpresentment of the Bond. In the event the Bond shall not be presented for payment when the principal hereof becomes due, if required hereunder, and, if funds sufficient to pay the Bond shall have been paid to the Trustee (or the Paying Agent (if any)) for the benefit of the registered owner thereof, all liability of the Issuer to the registered owner thereof for the payment of the Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee or other Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of the Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, the Bond. Any moneys still held by the Trustee (or other Paying Agent, if any) after two years from the date on which the Bond with respect to such amount was paid to the Trustee or other Paying Agent, shall, if and to the extent permitted by law, be paid to the Issuer and shall be discharged from the trust and all liability of the Paying Agent or Trustee with respect to such funds shall cease; and the owner of the Bond shall thereafter be entitled to look only to the Issuer for payment, and the Issuer shall not be liable for any interest thereon.

Section 2.13. [Reserved].

Section 2.14. Destruction of Bond. Whenever the Bond shall be delivered to the Bond Registrar or the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.07 or transfer pursuant to Section 2.11, such Bond shall be canceled and destroyed by the Bond Registrar or the Trustee, as the case may be, and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar, or the Trustee, as the case may be, to the Issuer, the Bond Registrar and, if appropriate, the Trustee.

Section 2.15. Restrictions on Transfer. Unless the Bond is rated in the “A” category without regard to a modifier (or the equivalent) or better by a Rating Agency and has the benefit of a credit enhancement instrument, and except for the transfer of the Bond to any subsidiary of Nara Bank (or any successor to Nara Bank, whether by merger, acquisition of assets or otherwise), the Bond may be transferred, only in whole (unless otherwise approved in writing by

the Issuer, which approval may be withheld in its sole and absolute discretion), to a new Bondholder which is a Qualified Buyer upon receipt by the Bond Registrar, the Issuer and the Trustee of an Investor Letter in the form of Exhibit C hereto and only with the prior written consent of the Issuer. The Trustee shall be entitled to rely, without any further inquiry, on any Investor Letter delivered to it and shall be fully protected in registering any transfer or exchange of the Bond in reliance on any such Investor Letter which appears on its face to be correct and of which the Trustee has no actual knowledge otherwise. Any such Holder desiring to effect such transfer shall agree to indemnify the Issuer and Trustee from and against any and all liability, cost or expense (including attorneys' fees) that may result if the transfer of the Bond is not exempt from the registration requirements of the Securities Act of 1933, as amended or is not made in accordance with federal and state law. The Bond Purchaser shall execute and deliver such an Investor Letter in connection with its initial purchase of the Bond. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer as provided in the Bond form attached hereto as Exhibit A.

ARTICLE III

REDEMPTION OF THE BOND BEFORE MATURITY

Section 3.01. Redemption Provisions. Subject to the provisions of Sections 3.02 and 3.04, the Bond, or a portion thereof, is subject to redemption as follows:

(a) ***Extraordinary Redemption.***

(i) The Bond is subject to mandatory redemption, in whole or in part on any Business Day, in the event and to the extent the Trustee receives funds from the Borrower representing a mandatory prepayment of principal under the Note, at a redemption price equal to the principal amount thereof plus accrued interest and plus any premium remitted therewith as required by the Note.

(ii) The Bond is subject to redemption in whole, on any Business Day, in the event the Trustee receives written notice of a Determination of Taxability: (i) if the Borrower fails to give written notice to the Trustee within 15 days of a Determination of Taxability that the Bond will thereafter bear interest at the Taxable Rate); or (ii) at the written direction of the Issuer, at a redemption price equal to the principal amount thereof, plus accrued interest thereon.

(b) ***Optional Redemption.*** The Bond is subject to redemption at the option of the Borrower, in whole or in part on any Payment Date, in the event and to the extent the Trustee receives funds from the Borrower representing an optional prepayment of principal at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date and plus any premium remitted therewith as required by the Note.

(c) ***Mandatory Sinking Fund Redemption.*** The Bond is subject to mandatory sinking fund redemption, on each Payment Date on and after the Permanent

Loan Conversion Date in an amount equal to the principal amortization of the Loan paid to the Trustee as a scheduled payment on the Note.

(d) *[Reserved]*.

(e) *[Reserved]*.

(f) ***Mandatory Redemption Due to Failure To Convert to Permanent Loan.*** The Bond shall be redeemed in whole on [DATE] as the same may be extended in accordance with the provisions of the Note unless the Permanent Loan Conversion Date occurs.

(g) ***Mandatory Redemption Upon Loan Agreement or Other Loan Document Default.*** The Bond is subject to mandatory redemption in whole upon the occurrence of an event of default under the Loan Agreement or any other Loan Document at the direction of the Bondowner Representative at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption.

If the Bond or any portion thereof is redeemed (other than pursuant to the above-referenced mandatory sinking fund redemption schedule) or purchased and canceled by the Trustee and not theretofore applied as a credit against any redemption of the Bond pursuant to the above-referenced mandatory sinking fund redemption schedule, the Trustee shall apply the principal amount of the Bond redeemed or purchased and canceled for credit against the principal installments to be paid pursuant to the mandatory sinking fund redemption schedule for the Bond in such manner as the Bondowner Representative determines so as to as nearly as possible maintain level principal and interest payments on the Bond to the Maturity Date.

Section 3.02. Notice of Redemption. To effect the redemption of the Bond or a portion thereof under Section 3.01, the Trustee shall promptly give notice within the time, in the manner and with the effect provided by this Section 3.02 by first-class mail, postage prepaid to the Bondowner. No advance notice of redemption shall be required. Notice of redemption shall be provided to the Bondowner immediately upon receipt by the Trustee of funds to be used for such redemption. No notice shall be required in the case of a redemption pursuant to Section 3.01(a)(2) or 3.01(g), upon the occurrence of a Determination of Taxability or receipt by the Trustee of notice, from the Bondowner Representative, of a continuing event of default under the Loan Agreement or the Mortgage. No defect in or failure to give notice shall affect the validity of the proceedings for redemption of the Bond. Such notice, which shall be prepared by the Trustee at the expense of the Borrower, shall state the subsection under Section 3.01 pursuant to which the Bond is being called for redemption and shall specify the date on which and the place where the Bond shall be presented for redemption, if presentation is required. Except as specifically provided in this Indenture and provided sufficient funds are on deposit with the Trustee with respect to such redemption, the portion of the Bond thus called for redemption shall cease to bear interest from and after the specified redemption date and the Bondholders shall have no further rights with respect to the redeemed portion of the Bond or under this Indenture except to receive the redemption price of the Bond.

Section 3.03. Cancellation. Subject to the provisions of Section 2.12, the portion of the Bond which has been redeemed shall be canceled by the Trustee as provided in Section 2.14 and shall not be reissued. The Trustee shall note any redemption of the Bond in part in its record and on the principal log maintained by the Trustee at its Principal Corporate Trust Office in the form appended to the Bond.

Section 3.04. Method of Redemption.

(a) The Trustee shall redeem the Bond or a portion thereof hereunder (except in the case of Section 3.01(a)(2) or (g)) only if it has received immediately available funds sufficient for such purpose on or prior to the redemption date.

(b) If the Bond is redeemed pursuant to subsection 3.01(a)(2) or 3.01(g) hereof, payment of the redemption price shall be deemed made by the Trustee's and the Issuer's absolute assignment to the Bondowner of all right, title and interest of the Issuer and the Trustee in and to the Loan Documents. Such assignment shall constitute full and complete satisfaction of all obligations of the Issuer to the Bondholder hereunder.

(c) If the Bond is redeemed only in part, and if the Bond is presented, to the Trustee, the Trustee shall make an appropriate notation on the principal log maintained at its Principal Corporate Trust Office in the form attached to the Bond certificate indicating the portion of the Bond redeemed. The Trustee shall inform the Bondowner in writing of the current outstanding principal amount of the Bond each month following a Payment Date when the principal amount outstanding has changed since the prior Payment Date and upon receipt of a written request from any Bond Holder.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal, Premium and Interest. Subject to the provisions of Section 4.09 hereof, and solely from the moneys derived from the Loan Agreement (other than to the extent payable (a) from proceeds of the Bond, temporary investments, or amounts recovered by the Trustee under the Mortgage or (b) as provided in Section 3.04(b) hereof), the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the Bond in accordance with the terms of the Bond and this Indenture. Moneys derived from the Loan Agreement include all moneys derived from the Granting Clauses set forth herein, including, but not limited to, the funds deposited in the Funds (excluding funds held in Rebate Fund and rebatable arbitrage whether or not deposited in the Rebate Fund) to the extent provided herein and in the manner provided in Article V hereof. Nothing in the Bond or in this Indenture shall be considered as assigning or pledging funds or assets of the Issuer other than those covered by the Granting Clauses set forth herein.

Section 4.02. Performance of Covenants.

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, has the power and authority to (i) enter into the Bond Documents to which it is a party and the transactions contemplated thereby,

(ii) issue the Bond to finance the Project and (iii) carry out its other obligations under this Indenture and the Bond, and by proper action has duly authorized the Issuer's execution and delivery of, and its performance under, such Bond Documents and all other agreements and instruments relating thereto. The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its governing body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bond authorized hereby, to execute this Indenture, to loan the proceeds of the Bond to the Borrower and to assign and pledge the payments from the Loan Agreement in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bond and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bond in the hands of the Holder thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof. The Issuer further covenants that it will timely comply with all of its obligations under the Tax Certificate and that it will not take any action or fail to take any action which, as advised by Bond Counsel, would adversely affect the exclusion of interest on the Bond from gross income for federal tax purposes.

THE ISSUER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE SALE OF THE BOND OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

(b) The Trustee covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, and in every Bond executed, authenticated and delivered hereunder; that it is duly organized, validly existing, in good standing and possesses all licenses and authorizations necessary to enter into this Indenture; that it has full power and authority to enter into this Indenture and the transactions contemplated thereby; that the Indenture has been duly executed and delivered by it; assuming the due execution and delivery hereof by the Issuer, that this Indenture constitutes a legal, valid, binding and enforceable obligation of the Trustee (subject to bankruptcy, insolvency or creditor rights laws generally and principles of equity generally) without offset, defense or counterclaim, that the execution, delivery and performance of this Indenture by the Trustee will not cause or constitute, including due notice or lapse of time or both, a default under or conflict with organizational documents of the Trustee or other agreements to which the Trustee is a party or otherwise materially or adversely affect performance of duties of the Trustee; that the execution of this Indenture by the Trustee will not violate any law, regulation, order or decree of any governmental authority; that all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required for the execution, delivery and performance of this Indenture by the Trustee have been obtained or made; and that there is no pending action, suit, proceeding,

arbitration or governmental investigation challenging the authority of the Trustee to perform its obligations under this Indenture.

Section 4.03. Instruments of Further Assurance. The Issuer covenants that it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its interest in the Loan Agreement or any part thereof is now or at any time hereafter will be impaired, changed or encumbered in any manner whatsoever, except as may be expressly permitted herein or in the Loan Agreement or as required by law; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may be reasonably required for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the sums assigned and pledged hereby to the payment of the principal of, premium, if any, and interest on the Bond.

Section 4.04. Filing of Continuation Statements. The Trustee shall, at the written direction of the Bondholder Representative, file, at the expense of the Borrower, all such continuation statements as are necessary to preserve the first-lien perfected security interest of the Trustee in and to the Trust Estate.

Section 4.05. Books and Records. The Trustee covenants that so long as any portion of Bond issued hereunder and secured by this Indenture shall be unpaid, the Trustee will keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to the Project and the payments made by the Trustee derived from the Loan Agreement, this Indenture and the Mortgage. At reasonable times, with reasonable notice and under reasonable regulations established by the Trustee, such books shall be open to the inspection of the Holder or the Issuer, and such accountants or other agencies as the Holder or the Issuer may from time to time designate in writing to the Trustee.

Section 4.06. Bondholders' Access to Bond Register. At reasonable times, with reasonable notice and under reasonable regulations established by the Bond Registrar, the Bond Register or a copy thereof may be inspected and copied by the Issuer, the Trustee or any Holder (or a designated representative thereof), such authority of any such designated representative to be evidenced to the reasonable satisfaction of the Bond Registrar. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until notice to the contrary is given to the Bond Registrar by the Issuer.

Section 4.07. Rights Under Loan Agreement. The Loan Agreement sets forth covenants and obligations of the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee and the Bondholder Representative may enforce all rights of the Issuer (other than Unassigned Issuer's Rights) and all obligations of the Borrower under and pursuant to the Loan Agreement in their respective names and on behalf of the Holder, whether or not the Issuer has undertaken to enforce such rights and obligations.

Section 4.08. Rights Under Mortgage.

(a) The Issuer acknowledges that it has assigned its interest in and to the Mortgage and the Note to the Trustee under this Indenture and that such instrument further secures payment of the Loan, interest thereon and amounts due under certain other Loan Documents, and reference is hereby made to the same for a detailed statement of the obligations of the parties thereto.

(b) Subject to the terms of this Indenture and of the Mortgage and the Regulatory Agreement, until the occurrence of an Event of Default under the Loan Agreement, the Borrower shall be permitted to possess, use and enjoy the Mortgaged Property and to receive and use the issues and profits of the Mortgaged Property.

Section 4.09. Limitations on Liability. Notwithstanding any other provision of this Indenture to the contrary:

THE BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE COUNTY OF LOS ANGELES, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND NONE OF THE BOND OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY BOND OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THIS INDENTURE 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 OF OTHERWISE, AND ALL SUCH LIABILITY OF THE ISSUER, ANY MEMBER OF ITS GOVERNING BODY AND ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS AND STAFF IS HEREBY, AND BY THE ACCEPTANCE OF THE BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND.

No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future commissioner, officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bond or this Indenture shall be liable personally on the Bond or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bond or the execution of this Indenture.

It is recognized that notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor any Bondholder shall look to the Issuer for damages suffered by any Borrower, the Trustee or such Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Bond or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 4.09, the Issuer shall have received satisfactory indemnification.

Section 4.10. Request and Indemnification. If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

ARTICLE V

FUNDS AND ACCOUNTS

Section 5.01. Trust Funds Pledged and Assigned to the Trustee. All payments, revenues and income receivable by the Issuer under the Loan Agreement representing payments of principal, interest and premium, if any, and the fees and expenses of the Issuer, the Trustee and pledged and assigned by this Indenture to the Trustee, together with the balance of the Trust Estate, are to be paid directly to the Trustee and deposited by it in the Funds and Accounts described in this Article V and held in trust for the purposes set forth herein. Moneys on deposit in the Funds and Accounts described in this Article V shall be held by the Trustee in trust, and pending application in accordance with the provisions of this Article V shall be subject to a lien and charge in favor of the Bondholder (other than amounts in the Rebate Fund) until applied as hereinafter provided. Funds held by or on behalf of the Bondowner Representative under the Loan Agreement or any other Loan Document are hereby pledged and assigned by the Issuer to the Trustee for the benefit of the Bondholder. The Trustee shall at all times maintain accurate records of deposits into such funds and the sources and timing of such deposits.

Each Fund shall constitute a segregated trust account or accounts maintained with the corporate trust department of the Trustee, shall be established in the name of the Trustee, bearing the designation provided below with a qualifier indicating such fund is held with respect to the Bond. The Trustee shall not deposit into such Funds any moneys other than as provided in this Indenture or the Loan Agreement.

Section 5.02. Project Fund; Disbursement of Project Funds.

(a) A special trust fund is hereby created and designated the Project Fund. The sale proceeds of the Bond received from time to time from the Bondowner shall be deposited with the Trustee in the Project Fund and promptly disbursed upon receipt from the Borrower of (i) a written requisition in the form of Exhibit A hereto, and (ii) written consent to such disbursement by the Bondowner Representative, the Trustee shall immediately disburse all amounts requested in such requisition from funds in the Project Fund to the Borrower or the persons designated by the Borrower.

(b) Neither the Trustee nor the Issuer shall be responsible for the application by the Borrower of moneys disbursed to the Borrower or its designees (if any money is disbursed thereto) in accordance with this Section 5.02.

(c) All requisitions in the form provided by this Indenture and approved by the Bondowner Representative and all other statements, orders, certifications and approvals received by the Trustee, as required by this Article V as conditions of payment from the Project Fund, may be conclusively relied upon by the Trustee, and shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower (so long as the Loan Agreement shall remain in force and effect), the Issuer, the Bondowner Representative and the agents and representatives thereof.

(d) All costs incurred in connection with the requisition and disbursement of funds from the Project Fund, including but not limited to the cost of the Project Engineer and updates to the title policy, shall be paid by the Borrower.

(e) Moneys, if any, held in the Project Fund shall be used, along with other moneys provided by the Borrower, to redeem the Bond in whole under the conditions set forth in Section 3.01(f).

(f) Funds drawn under that letter of credit delivered pursuant to Section 3.32 of the Loan Agreement shall be held in a segregated account of the Project Fund until used as provided in Section 3.32 of the Loan Agreement.

(g) No funds shall be disbursed from the Project Fund nor shall Bondholder be compelled to fund requisitions until all loan proceeds have been funded under the HOME Loan and City of Industry Loan and the initial installment of Investor Limited Partner Contribution has been disbursed for Project Costs.

(h) Following receipt of a Completion Certificate from Bondholder Representative, the Trustee shall transfer any amounts remaining in the Project Fund to

the Interest Account of the Bond Fund. Upon such transfer the Project Fund shall be closed.

Section 5.03. Revenue Fund. A special trust fund is hereby created with the Trustee and designated the Revenue Fund.

(a) ***Deposits to the Revenue Fund.*** All payments made to the Issuer under the provisions of the Loan Agreement and the Note are assigned by the Issuer to the Trustee pursuant to the Indenture for monthly deposit to the Revenue Fund (except as otherwise provided in Section 3.30 of the Loan Agreement).

(b) ***Uses of Revenue Fund.*** Provided no Event of Default has occurred under the Loan Agreement and is continuing, funds on deposit in the Revenue Fund shall be distributed at least monthly (except for the Issuer's Ongoing Fee which shall be paid annually) by the Trustee as follows:

(i) FIRST, to the Bond Fund for deposit into the Principal Account and the Interest Account, an amount equal to the principal of and interest, to become due on the Bond on the next Payment Date;

(ii) SECOND, to the Bondowner Representative as Servicer of the Loan, to reimburse it for amounts advanced by it as set forth in the Loan Documents in connection with the servicing of the Loan, plus interest thereon at the Prime Rate, as such amount is certified to the Trustee and the Borrower by the Bondowner Representative;

(iii) THIRD, to the Rebate Fund, the amount calculated as arbitrage rebate due to the United States Department of the Treasury with respect to a particular Bond Year by the Arbitrage Consultant to the extent specified in writing to the Trustee by the Arbitrage Consultant; and

(iv) FOURTH, to the Trustee, the amount of its Ordinary Fees and Expenses then due, if any and then to the Arbitrage Consultant, the reasonable fees and expenses, if any, as billed and due to it for services hereunder, and then to the Issuer, the Issuer's Fee.

Section 5.04. Bond Fund. A special trust fund is hereby created and to be established by the Trustee, designated the Bond Fund, which shall contain (i) the Interest Account, (ii) the Principal Account, and (iii) the Redemption Account.

(a) ***Interest Account.*** The Trustee shall deposit to the Interest Account moneys transferred from the Revenue Fund as provided in Section 5.03 of this Indenture. Moneys in the Interest Account shall be used to pay interest on the Bond when due.

(b) ***Principal Account.*** The Trustee shall deposit to the Principal Account moneys transferred from the Revenue Fund as provided in Section 5.03 of this Indenture. Moneys in the Principal Account shall be used to pay principal of and sinking fund installments on the Bond when due.

(c) **Redemption Account.** The Trustee shall deposit to the Redemption Account any amounts of funds transferred or deposited to effect a redemption of the Bond or any portion thereof (other than mandatory sinking fund redemption) pursuant to Article III hereof. Moneys on deposit in the Redemption Account shall be used for redemption (other than mandatory sinking fund redemption) of the Bond or a portion thereof pursuant to the provisions of Article III hereof.

Section 5.05. [Reserved].

Section 5.06. Deposit of Funds With Paying Agent.

(a) If the Trustee is not the Paying Agent, the Trustee shall transfer and remit sums from the Bond Fund to the Paying Agent immediately upon deposit therein, from the balance then on hand in the Bond Fund, sufficient to pay all principal, interest and redemption premiums then due on the Bond. The Paying Agent shall hold in trust for the Holder of the Bond all sums so transferred to it until paid to such Holders or otherwise disposed of as herein provided.

(b) The Trustee will cause any Paying Agent which is not the Trustee to execute and deliver to it an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 5.06, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of (and premium, if any) or interest on the Bond in trust for the benefit of the Holder until such sums shall be paid to the Holder or otherwise disposed of as herein provided; and

(ii) at any time during the continuance of any default in the making of any such payment of principal (and premium, if any) or interest, upon the written request of the Trustee forthwith pay to the Trustee all sums so held in trust by such Paying Agent. The Trustee, acting as Paying Agent, shall also be bound by the terms of the foregoing requirements.

Section 5.07. Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder, designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate and at the direction of the Arbitrage Consultant. Subject to the transfer provisions provided in subsection (c) below, all amounts on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to pay rebatable arbitrage to the United States of America, and neither the Issuer, the Borrower nor the Holder of the Bond shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section 5.07 and by the Tax Certificate (the terms of which are incorporated herein by reference). The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness or any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture regarding calculation and payment of

rebate if it follows the directions of the Borrower or the Arbitrage Consultant and it shall have no independent duty to review such calculations or enforce compliance with such rebate requirements.

(b) The Trustee shall unconditionally be entitled to accept and rely upon the recommendations, advice, calculations and opinions of the Arbitrage Consultant as to actions required or not required to be taken by the Trustee to comply with the provisions of Section 148(f) of the Code. The Trustee agrees to act in accordance with the recommendations, advice and opinions of the Arbitrage Consultant for the purpose of complying with any applicable provision of Section 148(f) of the Code.

(c) Pursuant to the Tax Certificate and upon written direction of the Rebate Consultant, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America pursuant to the final report of the Arbitrage Consultant. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section 5.07 and the Tax Certificate, other than from moneys held in the Funds created under this Indenture or from other moneys provided to it by the Borrower. Any moneys remaining in the Rebate Fund after redemption and payment of the Bond and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the Borrower.

(d) Notwithstanding any other provision of this Indenture, including in particular Article VII hereof, the obligation to pay rebatable arbitrage to the United States of America and to comply with all other requirements of this Section 5.07 and the Tax Certificate shall survive the defeasance or payment in full of the Bond.

Section 5.08. [Reserved].

Section 5.09. [Reserved].

Section 5.10. Costs of Issuance Fund. A special trust fund is hereby created and established by the Trustee and designated the Costs of Issuance Fund. There shall be deposited to the credit of the Costs of Issuance Fund on Bond Closing funds provided by or on behalf of the Borrower of \$[_____]. The Trustee shall disburse amounts in the Costs of Issuance Fund upon written request of the Borrower and receipt of written approval by the Bondowner Representative in the form attached hereto as Exhibit D to pay or reimburse the Borrower for Costs of Issuance or to pay third parties upon receipt of an invoice therefor. Any amounts in the Costs of Issuance Fund on the one-hundred fiftieth (150th) day following the Bond Closing shall be transferred to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 5.11. [Reserved].

Section 5.12. Interest Earned on Funds.

(a) The interest earned from the investment of money held by the Trustee in each of the Funds and Accounts created under this Article V (other than the Rebate Fund) shall inure to the benefit of the Borrower and, except as provided in paragraph (b) below,

shall be retained in such separate Fund or Account and applied as a credit against the payment next due into such separate Fund or Account.

(b) During the continuance of an event of default or an event which, with notice or lapse of time or both, would become an event of default under the Loan Agreement or any other Loan Document, interest earned from the investment of money in the Funds created under this Article V shall be held in each such Fund and shall not be credited against the payments next due to or from such separate Funds.

Section 5.13. Final Balances. Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bond, and upon satisfaction of all claims against the Issuer hereunder and under the Loan Documents, including any rebate obligation, all fees, charges and expenses of the Trustee, the Bond Registrar, the Issuer and any Paying Agent which are properly due and payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all Funds, except: (a) moneys necessary to pay principal of, premium, if any, and interest on the Bond, which moneys shall be held by the Trustee to be paid to the Bondholders; and (b) moneys, if any, set aside pursuant to Section 5.07 hereof, shall be remitted to the Borrower.

Section 5.14. Issuer's Fees. The Issuer shall be paid the fees described in the Regulatory Agreement, including, but not limited to, Section 7[(n)] thereof. The Trustee shall collect the Issuer's fees from the Borrower when due from the Borrower and remit them to the Issuer at the times specified in the Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit the Issuer's fees to the Issuer.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments by Trustee.

(a) Moneys held hereunder by the Trustee in the Funds, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee: (i) unless an Event of Default has occurred and is continuing under the Loan Agreement or other Loan Documents, upon direction of the Borrower given or confirmed in writing (which direction shall specify the amount thereof to be so invested) at least two Business Days before the date of investment, in Permitted Investments maturing on or before the Business Day prior to the day such amounts are required and in the amounts required, to enable the Trustee to make payments due hereunder on the Bond or otherwise, but in no event longer than 180 days (unless approved in writing by the Bondowner Representative) or (ii) absent a written investment direction or if an Event of Default has occurred and is continuing under the Loan Agreement or the other Loan Documents, the Trustee shall hold money in the Funds in Permitted Investments of the type described in clause (5) of the definition of Permitted Investments.

(b) The Trustee shall sell and reduce to cash a sufficient portion of investments under the provisions of this Section 6.01 whenever the cash balance in the

Fund for which the investment was made is insufficient for its current requirements. Securities so purchased as an investment of money shall be held by the Trustee, shall be registered in the name of the Trustee or its nominee if registration is required, and shall be deemed at all times a part of the applicable Fund, and the interest accruing thereon and any profit realized from such investments shall be credited to the Fund from which the investment was made, subject to any transfer to another Fund as herein provided. Any loss resulting from such investment shall be charged to the Fund from which the investment was made, and in the event such loss reduces the amount held in such Fund below the amount required to be deposited in such Fund, the Trustee shall request the Borrower to transfer to the Trustee for deposit into such Fund the amount required to restore amounts in such Fund to the required amount. The Trustee shall not be liable for any loss incurred from the purchase or sale of any investment (except for any such loss resulting from the negligence or willful misconduct of the Trustee or its employees).

(c) The Trustee may purchase from or sell to itself, or through any affiliated company, as principal or agent, Permitted Investments herein authorized so long as such purchase or sale is at fair market value.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

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

Section 6.02. Computation of Balances in Funds. In computing the assets of any Fund established hereunder, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and, except as otherwise provided in the Tax Certificate, such investments shall be valued at par value, or at the redemption price thereof, if then redeemable at the option of the obligor, whichever is lower.

Section 6.03. Downgrade of Investments. If any rating of a Permitted Investment during the term of this Indenture falls below such rating that is required pursuant to the definition of "Permitted Investments" then the Trustee shall within two Business Days or as soon as reasonably practicable thereafter after receiving actual knowledge of the downgrade of the rating of an investment notify in writing the Borrower of such downgrade. The Borrower shall within five Business Days of the receipt of the downgrade notice from the Trustee, direct the Trustee to reinvest such downgraded investment in other Permitted Investments. The Trustee shall have no duty to reinvest in other Permitted Investments in the absence of such directions.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Payment of Bond; Satisfaction, Defeasance and Discharge of Bond and Obligation to Bondholder. Whenever the conditions specified in either clause (1) or clause (2) of the following subsection (a) and the conditions specified in the following subsections (b), (c), (d) and (e) to the extent applicable, shall exist, namely:

(a) either:

(1) the Bond shall have become due and payable and all principal or premium, if any, and interest on the Bond shall have been paid in full, or the Bond have been cancelled by the Trustee or delivered to the Trustee for cancellation, except for:

(A) Any portion of the Bond for which funds have theretofore been deposited in trust or segregated and held in trust by the Paying Agent or Trustee and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 2.12; and

(B) A Bond alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in Section 2.07, and (1) which, prior to the satisfaction and discharge of this Indenture as hereinafter provided, has not been presented to the Paying Agent or Trustee with a claim of ownership and enforceability by the Holder hereof, or (2) whose enforceability by the Holder thereof has been determined adversely to the Holder by a court of competent jurisdiction or other competent tribunal; or

(2) the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Permitted Investments of the type described in clause (1) of the definition of that term which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient, to pay and discharge the entire indebtedness on any portion of the Bond not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bond which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be (the "Defeasance Collateral"), and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower in the same manner as is provided by Section 3.02;

(b) the Issuer or Borrower has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums due and payable hereunder, including the Issuer's Ongoing Fee and any rebate obligation, and under the Loan Documents;

(c) the Borrower has delivered to the Trustee and the Issuer a report of an Independent Accountant stating that the payments to be made on any securities, together with the cash, if any, deposited pursuant to clause (2) of subsection (a) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Bond or the portion thereof to be defeased;

(d) if discharge is to be effected under clause (2) of subsection (a), an opinion of Bond Counsel is delivered to the Trustee and the Issuer stating in effect that such discharge will not impair the exclusion of interest on the Bond from gross income for federal income tax purposes; and

(e) the Borrower has delivered to the Trustee and the Issuer an opinion of Independent Counsel to the effect that (i) the Defeasance Collateral has been duly and validly assigned and delivered to the Trustee, (ii) the security interest of the Trustee for the benefit of the Bondholders, with respect to Defeasance Collateral, is a first priority perfected security interest as security for payment of the Bond, which opinion may contain, and be subject to, conditions, exceptions or qualifications as are then customarily included in such opinions, (iii) making the payment which accompanies such opinion would not constitute an avoidable preference under Section 547 of the Bankruptcy Code or under applicable state law in the event of a filing of a petition for relief under the Bankruptcy Code or such applicable state law by or against the Borrower and (iv) the Defeasance Collateral would not be part of the bankruptcy estate under Section 541 of the Bankruptcy Code or be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of a filing of a petition for relief under the Bankruptcy Code by or against the Borrower;

(f) then, except as otherwise provided in Section 7.05, the rights of the Bondholder shall be limited to the cash or cash and securities deposited as provided in clause (a)(1) or (a)(2) above, and upon the Borrower's request the rights and interest hereby granted or granted by the Loan Documents to or for the benefit of the Trustee or the Bondholders shall cease and terminate, and the Issuer and the Trustee shall, at the expense of the Borrower, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all of the Project and in and to all rights under this Indenture and the Loan Documents (except the moneys or securities or both deposited as required above, rebatable arbitrage and except as may otherwise be provided in Section 7.05) shall thereupon be discharged and satisfied; except that in any event the obligations of the Borrower under Section 3.28 and Article VII of the Loan Agreement shall survive.

Section 7.02. Cancellation of Surrendered Bond. The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by the Trustee, the Bond, which the Issuer or

Borrower acquired in any lawful manner whatsoever, and the Bond, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 7.03. Payment of Bond. The Bond or any portion thereof shall be deemed paid if the conditions set forth in Section 7.01 hereof have been satisfied with respect thereto, even though an additional portion of the Bond may remain Outstanding.

Section 7.04. Application of Deposited Money. All money, securities and income thereon deposited with the Trustee pursuant to Section 7.01 for the purpose of paying the principal, premium, if any, and interest on the Bond shall be applied by the Trustee solely for such purpose.

Section 7.05. Survival of Certain Provisions. Notwithstanding satisfaction of the conditions set forth in subsection 7.01(a)(2) hereof, the provisions contained in Sections 4.07, 4.08, 4.09 and 5.07 shall survive the discharge of this Indenture pursuant to Section 7.01(a)(2).

ARTICLE VIII

DEFAULT AND REMEDIES

Upon a default by the Issuer of its obligations hereunder, the Trustee shall take such actions to enforce the provisions of this Indenture as are specified in writing by the Bondowner Representative. Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bond (including, without limitation, a failure to make any payment due with respect to the Bond as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Bondholder's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents.

ARTICLE IX

THE TRUSTEE

Section 9.01. Acceptance of the Trustee. The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture; and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing and has not been waived, the Trustee agrees to perform such trusts as an ordinarily prudent man, but in any event, only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be liable for any misconduct or negligence on the part of any agent or attorney appointed with due care, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith and shall be entitled to reimbursement from the Borrower for such payment. The Trustee may act upon the written opinion or written advice of any attorney, surveyor,

engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the Issuer, provided that the only legal advice or opinion that the Trustee may rely upon for purposes of securing advice or an opinion relating to the tax exempt status of the Bond is given by Bond Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bond or for the investment of moneys as herein provided (except as provided in Section 6.01 or 6.02), or for collecting any property insurance proceeds, or for the validity of the execution by the Issuer of this Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of any security for the Bond, or for the value of title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except as otherwise provided in Sections 4.04 and 4.05 and except that in the event the Trustee enters into possession of a part or all of the property conveyed pursuant to any provisions of this Indenture or the Mortgage, it shall use due diligence in preserving such property. The Trustee may, but shall be under no duty to, require of the Borrower full information and advice as to the performance of the covenants, conditions and agreements in the Agreement, the Regulatory Agreement and the Mortgage as to the condition of any Mortgaged Property and the performance of all other obligations thereunder and shall use reasonable efforts, but without any obligation, to advise the Issuer and the Borrower of any impending Event of Default known to the Trustee.

(c) The Trustee shall not be accountable for the use or application of the Bond or the proceeds thereof (except as herein expressly provided) or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any Paying Agent. The Trustee may become the owner of the Bond secured hereby with the same rights it would have if not Trustee.

(d) The Trustee shall be protected in acting in accordance with the standard of care otherwise required hereunder upon any written notice, order, requisition, request, consent, certificate, opinion (including an opinion of Independent Counsel or Bond Counsel), affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall be under no duty to make an investigation or inquiry into any statement contained therein. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of the Bond, shall be conclusive and binding upon all future Holders of the Bond.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by an Authorized Issuer Representative as sufficient evidence of the facts stated therein as are known to such officer. The Trustee may accept a certificate of an Authorized Issuer Representative to the effect that a

motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such motion or resolution has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the real and tangible personal property as in this Indenture provided.

(g) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right (but not the duty) fully to inspect any and all of the property comprising the Mortgaged Property, including all books, papers and records of the Issuer pertaining to the Mortgaged Property and the Bond, and to take such memoranda from and with regard thereto as may be desired.

(h) The Trustee shall not be required to give any bond or surety with respect to the execution of said trusts and powers or otherwise with respect to the premises.

(i) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of the Bond, the withdrawal of any cash except for withdrawals required by the express terms of this Indenture, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions (including opinions of Independent Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of the Bond, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(j) The Issuer shall not be liable for the payment of such sums or for providing for the indemnification of the Trustee.

(k) Notwithstanding any provision of this Indenture to the contrary, before taking any action hereunder, the Trustee may require that it be furnished indemnity satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability (except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) by reason of any action so taken by the Trustee.

(l) No provision of this Indenture or any Loan Document shall require the Trustee to expend or risk its own funds, make advances or otherwise incur any financial

liability in the performance of any of its duties, or the exercise of its rights and powers hereunder.

(m) Notwithstanding anything to the contrary contained in this Indenture, in the event the Trustee is entitled or required to commence an action or otherwise exercise remedies to acquire control or possession of any or all of the Project under, but not limited to, the provisions of the Mortgage, the Trustee shall not be required to commence any such action or exercise any such remedy if the Trustee has determined in good faith that it may incur liability under an Environmental Law (as defined below) as the result of the presence at, or release on or from the Project of any Hazardous Substances unless the Trustee has received security or indemnity, from a person, in an amount and in a form all satisfactory to the Trustee in its sole discretion, protecting the Trustee from all such liability. The term “Environmental Laws” shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

(n) The Trustee is under no obligation to monitor the receipt of rents by the Borrower.

(o) The Trustee is authorized and directed to execute in its capacity as Trustee the Regulatory Agreement.

(p) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(q) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Bondowner Representative relating to the exercise of any right, power or remedy available to the Trustee.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 9.02. Trustee’s Fees, Charges and Expenses.

(a) The Trustee and any Paying Agent shall be entitled to payment and/or reimbursement for Ordinary Fees and Expenses and all advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trusts created by this Indenture in and about the exercise and performance of the powers and duties of the Trustee hereunder in connection with the Event of Default and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) in connection with the Event of Default. In this regard provisions have been made in the Loan Agreement for the payment of said fees, advances, counsel fees, costs and expenses, and reference is hereby

made to the Loan Agreement for the provisions so made; and the Issuer shall not otherwise be liable for the payment of such sums.

(b) The compensation of the Trustee shall not be limited by any provision of law which limits the compensation of a trustee of an express trust.

Section 9.03. Notice to Holders of Default. The Trustee shall give to the Bondholders and the Issuer written notice of all defaults under the Loan Documents known to the Trustee, within five days (or as soon as reasonably practicable thereafter) after the Trustee has actual knowledge or receives written notice of such defaults.

Section 9.04. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Bondholders, the Trustee may intervene on behalf of Holders and, to the extent that it is indemnified to its reasonable satisfaction, shall do so if requested in writing by the Bondowner Representative. The rights and obligations of the Trustee under this Section 9.04 are subject to the approval of a court of competent jurisdiction in the premises.

Section 9.05. Successor Trustee. Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall, with the consent of the Issuer and the Bondowner Representative, be and become successor trustee and paying agent under this Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. If the Issuer's and Bondowner Representative's consent is not obtained, the Trustee shall be deemed to have been removed as set forth in Section 9.07 hereof.

Section 9.06. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Bondowner Representative and the Borrower and by first-class mail to the Bondholders as shown on the Bond Register, and such resignation shall take effect upon the appointment of a successor trustee as provided in Section 9.08 and acceptance of such successor of the duties of the Trustee hereunder. Such notice to the Issuer, the Bondowner Representative or the Borrower may be served personally or sent by registered or certified mail, or overnight courier.

Section 9.07. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, Borrower and Issuer, and signed by the Issuer or by the Bondowner Representative.

Section 9.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed

by the Issuer, with the consent of the Bondowner Representative, by an instrument or concurrent instruments in writing signed by the Issuer. Every such Trustee appointed pursuant to the provisions of this Section 9.08 must be a trust company or bank having (or if such bank or trust company is a member of a bank holding company system, its bank holding company has) trust powers and having a reported capital and surplus not less than \$50,000,000.

Section 9.09. Acceptance by Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, to the Borrower and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee and Paying Agent; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be forthwith filed or recorded or both by the successor Trustee in each recording office where this Indenture or the Mortgage shall have been filed or recorded or both.

Section 9.10. Right of Trustee To Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge upon any part of the Project is not paid prior to delinquency, to the extent, if any, that the same is legally payable, the Trustee may, but shall be under no duty to, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or any Bondholder hereunder arising as a consequence of such failure; and any amount at any time so paid under this Section 9.10, under the Loan Agreement, or under the Mortgage, with interest thereon at the rate borne by the Bond at the Default Rate, shall be repaid to the Trustee upon demand under the Loan Agreement, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over the Bond, except with respect to the payment of any principal, interest or premium on the Bond which is then due but not paid, but the Trustee shall be under no obligation to make such payment of taxes, assessments or governmental charges unless it shall have been requested to do so by the Bondowner Representative and shall have been provided with adequate indemnity for the purpose of such payment. Any such payment shall be made upon five days' prior written notice to the Borrower unless the delay occasioned by any such written notice could result in the forfeiture or termination of any right.

Section 9.11. Trustee Protected in Relying Upon Resolutions. The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee.

Section 9.12. Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change in the office of the Trustee the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Funds described in Article V and shall cease to act as a Paying Agent for principal and interest on the Bond, and the successor Trustee shall be and become such custodian and a Paying Agent.

Section 9.13. Right of Bondowner Representative To Service the Loan. Notwithstanding anything to the contrary contained in this Indenture in any of the Loan Documents, the Bondowner Representative has the right to act on behalf of the Issuer and the Trustee by taking any action which the Bondowner Representative in its good faith discretion deems prudent to enforce any right or remedy of the Issuer or Trustee under the Loan Documents.

Section 9.14. Co-Trustee.

(a) At any time or times upon the consent of the Issuer and the Bondowner Representative, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as cotrustee or cotrustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 9.14. Every such cotrustee or separate trustee appointed pursuant to the provisions of this Section 9.14 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(b) [Reserved].

(c) Every cotrustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(1) All rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

(2) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such cotrustee or cotrustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such cotrustee or cotrustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of

any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such cotrustee or cotrustees or separate trustee or separate trustees.

(3) Any request in writing by the Trustee to any cotrustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such cotrustee or separate trustee.

(4) Any cotrustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(5) The Trustee at any time, by an instrument in writing, may accept the resignation of or remove any cotrustee or separate trustee appointed under this Section 9.14. A successor to any cotrustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 9.14.

(6) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(7) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each cotrustee or separate trustee.

(8) Any moneys, papers, securities or other items of personal property received by any such cotrustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(d) Upon the acceptance in writing of such appointment by any such cotrustee or separate trustee, such cotrustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such cotrustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any cotrustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(e) In case any cotrustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said cotrustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor cotrustee or separate trustee shall be appointed in the manner herein provided.

Section 9.15. Obligations as to Reporting. The Trustee shall provide to the Issuer, upon request, monthly reports of the balances in the Funds held under Article V and any other

information reasonably requested by the Issuer; provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

Section 9.16. Appointment of Bond Registrar and Paying Agent. The Issuer hereby appoints the Trustee as Bond Registrar and Paying Agent under this Indenture.

Section 9.17. Successor Paying Agent or Bond Registrar. The provisions of Sections 9.05 through 9.09 with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to the removal, resignation and appointment of a successor to the Paying Agent and the Bond Registrar. If permissible under applicable law, the Trustee shall be eligible for appointment as successor to the Paying Agent if the Trustee is not then already serving in such capacity.

Section 9.18. Confirmation of the Trustee.

(a) At any time while the Bond remains outstanding under this Indenture, if the Trustee reasonably questions whether it has proper authority to take action hereunder, the Trustee may, and upon request of the Issuer, the Borrower or the Bondholder shall, proceed in accordance with an opinion of Bond Counsel.

(b) In construing and interpreting this Indenture and any other Loan Document, the objective shall always be to ascertain and effectuate the intention of the parties.

(c) The Trustee or successor Trustee shall not be answerable for actions taken in compliance with any final order of the court. The Trustee or successor Trustee shall not be entitled to require an indemnity bond pursuant to Section 9.01(k) prior to taking any action directed by final order of the court.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures. The Issuer and Trustee may, from time to time and at any time with the prior written consent of the Bondowner Representative enter into an indenture or indentures supplemental to this Indenture for any lawful purpose.

Section 10.02. Rights of Borrower. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X which adversely affects the right of the Borrower under this Indenture, the Agreement, the Note, the Regulatory Agreement or the Mortgage shall not become effective unless and until the Borrower shall have consented (either in writing or by inaction as provided below) to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture, together with a copy of the proposed supplemental indenture, to be mailed by certified or registered mail to the Borrower at least 15 days prior to the proposed date of execution and delivery of any such supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee

does not receive a letter signed by a Representative of the Borrower of protest or objection thereto on or before 5:30 p.m., Pacific Standard or Pacific Daylight Time, whichever is then in effect in Los Angeles, California, of the fifteenth day after the mailing of said notice and a copy of the proposed supplemental indenture to the Borrower unless such fifteenth day falls on a day which is not a Business Day, in which event the letter of objection must be received not later than the next succeeding Business Day.

Section 10.03. Rights of Trustee. The Trustee shall not be required to consent to any Supplemental Indenture referred to in this Article X unless it has first received an opinion of Independent Counsel that such Supplemental Indenture is allowed by this Indenture.

Section 10.04. Opinion of Bond Counsel. Any supplemental indentures governed by this Article X shall be accompanied by an opinion of Bond Counsel that such supplemental indenture does not impair the exclusion of interest on the Bond from gross income for federal income tax purposes nor permit the taking of action which when taken will impair the exclusion of interest on the Bond from gross income for federal income tax purposes.

ARTICLE XI

AMENDMENTS TO LOAN DOCUMENTS

Section 11.01. Amendments. The Issuer or the Trustee or both may, but only with the prior written consent of the Bondowner Representative, consent to or enter into amendments to the Loan Documents for any lawful purpose.

Section 11.02. [Reserved].

Section 11.03. Opinion of Bond Counsel. Any amendment governed by this Article shall be accompanied by an opinion of Bond Counsel that such amendment does not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes nor permit the taking of action which when taken will adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 11.04. Rights of Trustee. The Trustee shall not be required to consent to any amendment referred to in this Article XI unless it has first received an opinion of Independent Counsel that such amendment is allowed by this Indenture.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Consent of Holder. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Holder may be in any number of concurrent writings of similar tenor and must be signed or executed by such Holder in person, the Bondowner Representative or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of the Bond, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in

favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(b) The fact of the ownership by any person of the Bond and the amount of the Bond, and the date of the holding of the same, may be proved only by reference to the Bond Register.

Section 12.02. Rights Under Indenture. Nothing expressed or mentioned in or to be implied from this Indenture or the Bond is intended or shall be construed to give any person or company other than the parties hereto, and the Bondholder, any legal or equitable right, remedy, or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holder of the Bond hereby secured as herein provided.

Section 12.03. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Notices. All notices, certificates or other communications hereunder shall be given to all parties identified below, shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when delivered by hand delivery, telegram or facsimile or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Registered or Certified Mail, Return Receipt Requested, bearing adequate postage, or delivery by reputable private courier such as FedEx, Airborne, DHL or similar overnight delivery service, and addressed as hereinafter provided. Notices, except to the Trustee, shall be deemed given when mailed as provided herein. Notices to the Trustee shall be deemed given only when received by the Trustee. All parties identified below may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Indenture. Any notice, certificate, report, financial statement or other communication properly provided by legal counsel on behalf of any party hereunder shall be deemed properly provided by the party represented by such counsel. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer: The Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attention: Pat Case and Jewel Warren-Reed
Facsimile: 323-890-9715
Telephone: 323-838-7768

To the Borrower: Slauson Station Apartments, L.P.,
Suite 1000
770 South Irolo Street
Los Angeles, CA 90005
Attention: Eugene Kim

With a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP
70th Floor
633 W. 5th Street
Los Angeles, CA 90071
Attention: Kyle Arndt, Esq.

With a copy to: R4 Capital Group Inc.
38 Chauncy Street, Suite 600
Boston, MA 02111
Attention: Richard Coomber

And: R4 Capital Group Inc.
780 Third Avenue, 10th Floor
New York, NY 10017
Attention: Asset Management Department

To the Trustee,
Bond Registrar
and Paying Agent:

U.S. Bank National Association
633 West Fifth Street
24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

To the initial
Bondowner
Representative:

Nara Bank
2727 West Olympic Boulevard
Suite 213
Los Angeles, CA 90006
Attention: Hassan Bouayad

With a copy to:

Paul Hastings LLP
25th Floor
515 South Flower Street
Los Angeles, CA 90071
Attention: Kenneth Krug, Esq.

Section 12.05. Required Approvals. Consents and approvals required by this Indenture to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 12.06. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.07. Waiver of Personal Liability. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, 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 Indenture, shall be had against the commissioners, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, 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 owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. 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's commissioners, officer, agent or employee, as such, past, present or future of the Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth

and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee 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 Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondholder and (c) none of the provisions of this Indenture 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 Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of any Bond shall be had against any commissioner, officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

Section 12.08. Americans with Disabilities Act. The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 12.09. Complete Agreement. The Issuer and the Trustee understand that oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt, including promises to extend or renew such debt, are not enforceable. To protect the Issuer and the Trustee from misunderstandings, any agreements the Issuer and the Trustee reach covering such matters are contained in this Indenture, which is the complete and exclusive statement of the agreement between the Issuer and the Trustee, except as the Issuer and the Trustee may later agree in writing to modify this Indenture as more particularly provided herein.

The Issuer has caused this Indenture to be executed and attested in its name and on its behalf by its duly authorized officers, and the Trustee has caused this Indenture to be executed in its name by its duly authorized officer, all as of the date set forth above.

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

By _____
Sean Rogan
Executive Director

Approved as to form:

ANDREA SHERIDAN ORDIN, County Counsel

By: _____
Deputy

[Issuer Signature Page to *Slauson Station* Indenture]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Issuer Representative

CONSENTED TO:

NARA BANK, a California banking corporation,
as Bondowner Representative

By _____
Hassan Bouayad
Senior Vice President

[Trustee Signature Page to *Slauson Station* Indenture]

Acknowledged and Consented to:

SLAUSON STATION APARTMENTS, L.P.,
a California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____
Name: Zoe Ellas
Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____
Name: Eugene Kim
Title: President

EXHIBIT A
FORM OF REQUISITION CERTIFICATE
(PROJECT FUND)

Date: _____, ____

REQUISITION CERTIFICATE

TO: U.S. BANK NATIONAL DECEMBER 1, 2011 BETWEEN THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES AND THE TRUSTEE (THE "INDENTURE").

SLAUSON STATION APARTMENTS, L.P., a California limited partnership (the "Borrower"), hereby requests that the following amounts be paid from the Project Fund consisting of \$_____ proceeds of the Bond as defined in the Indenture) for payment to the following payees for the following purposes:

Amount	Payee and Address	Purpose
\$ _____		

The Borrower hereby certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from the Project Fund;

(b) to the best of the undersigned's knowledge there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

(c)(i) obligations as stated on the requisition have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower;

(e) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement;

(f) such disbursement when added to all other disbursements made to date from proceeds of the Bond results in at least 95% of the proceeds of the Bond, including investment earnings, having been used for Qualified Project Costs; and

(g) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate.

Requested this _____ day of _____, ____.

SLAUSON STATION APARTMENTS, L.P.,
a California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____
Name: Zoe Ellas
Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____
Name: Eugene Kim
Title: President

Approved this ___ day of _____, ____.

NARA BANK,
as Bondowner Representative

By _____
Authorized Officer

day months, and interest for any partial calendar month shall be calculated at the Reset Rate on the basis of a three hundred sixty-five (365) or three hundred sixty-six (366)- day year (as applicable) and the actual number of days in that month. Interest hereon shall be calculated as described above on the principal amount advanced and outstanding hereunder as evidenced on Exhibit A hereto. Interest hereon shall be calculated as described above on the principal amount advanced and outstanding hereunder as evidenced on Exhibit A hereto on the first day of each month, commencing [DATE], 2012, or as otherwise specified herein and in the Indenture (each, a "Payment Date"). This Bond shall bear interest from the Dated Date specified above or (in the case of transfer or exchange) from the most recent Payment Date to which interest has been paid or provided for. The "Record Date Holder" is the person in whose name this Bond is registered (the "Holder" hereof) in the Bond Register maintained by U.S. Bank National Association, as Bond Registrar, or its successor either (a) on the fifteenth day of the month (whether or not a Business Day) next preceding each Payment Date (the "Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Payment Date, or (b) if there shall be a default in payment of principal and interest due on such Payment Date, at the close of business on a date (the "Special Record Date") for the payment of such defaulted principal and interest established by notice mailed on behalf of the Issuer. Notice of the Special Record Date shall be mailed, not less than 15 days before the Special Record Date, to the Holder at the close of business on the fifth Business Day preceding the date of mailing. Principal and Interest shall be payable by check or draft mailed to the Holder at his, her or its address as it appears on the Bond Register on the Record Date or the Special Record Date, as the case may be, except as otherwise provided in the Indenture. The principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America.

Notwithstanding anything contained herein to the contrary, during any period of time that the Note bears interest at the Default Rate, as defined in the Indenture, this Bond shall also bear interest at the Default Rate. During any period of time the Note bears interest at the Taxable Rate, as defined in the Indenture, this Bond shall also bear interest at the Taxable Rate.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BOND OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

This Bond is a duly authorized Bond of the Issuer, issued in the maximum aggregate principal amount of \$6,850,000, known as the Issuer's Multifamily Housing Revenue Bond

(Slauson Station Apartments) Series 2011D (the “Bond”), issued in accordance with an Indenture of Trust dated as of December 1, 2011 (the “Indenture”) between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). This Bond is issued pursuant to and Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the Board of Commissioners of the Issuer. This Bond is issued for the purpose of making a loan of the proceeds thereof (the “Loan”) to Slauson Station Apartments, L.P., a California limited partnership (the “Borrower”), under the provisions of a Loan Agreement dated as of December 1, 2011 (the “Loan Agreement”) among the Issuer, the Borrower and Nara Bank to finance a portion the acquisition, construction and equipping of the Slauson Station Apartments consisting of an approximately 30 unit residential rental housing facility located in the County of Los Angeles, California (the “Project”). The loan made pursuant to the Loan Agreement (the “Loan”) is evidenced by a promissory note (the “Note”) from the Borrower to the Issuer and endorsed without recourse by the Issuer to the Trustee. The Borrower has agreed to repay the Loan, together with interest thereon, in amounts and at times sufficient to pay the principal of, premium, if any, and interest on this Bond as the same shall become due and payable.

Pursuant to the Indenture, the Issuer has assigned and pledged to the Trustee, for the benefit of the Holder of this Bond, all of its right, title and interest (except Unassigned Issuer’s Rights) in and to the Loan Agreement and Note. Pursuant to a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing filed with respect to the Project (the “Mortgage”) dated as of December 1, 2011 and executed by the Borrower for the benefit of the Trustee, the Borrower has granted to the Issuer, for the benefit of the Holder of this Bond, a mortgage lien on and a security interest in the Project and the rents and leases thereof. The Mortgage may be released or modified in any respect upon compliance with certain conditions in the Mortgage and the Indenture.

Exhibit A, attached hereto, shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement) and the redemption or payment of principal of this Bond from time to time. The Trustee shall not accept any funds as the purchase price of this Bond, nor shall the Trustee pay to the Holder of this Bond any payment of the principal amount thereof, without making an appropriate notation on Exhibit A. The total amount outstanding under this Bond may not exceed \$6,850,000 at any time, and no portion of the purchase price therefor shall be accepted after [December 31, 2014].

Reference is hereby also made to the Loan Agreement, the Indenture and the Mortgage, including all supplements thereto, for a description of the property encumbered and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee and the Holder of this Bond, and the terms upon which this Bond is issued and secured.

This Bond is subject to redemption prior to maturity as follows:

(a) ***Extraordinary Redemption.***

(i) This Bond is subject to mandatory redemption, in whole or in part, on any Business Day, in the event and to the extent the Trustee receives funds from the Borrower representing a mandatory prepayment of principal under the Note, at a redemption price equal to the principal amount thereof plus accrued interest and plus any premium remitted therewith as required by such Note.

(ii) This Bond is subject to redemption in whole, on any Business Day, in the event of a Determination of Taxability: (i) upon the Borrower's failure to give written notice to the Trustee within 15 days thereafter that this Bond will thereafter bear interest at the Taxable Rate; or (ii) at the written direction of the Issuer, at a redemption price equal to the principal amount thereof, plus accrued interest thereon.

(b) ***Optional Redemption.*** This Bond is subject to redemption at the option of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the Trustee receives funds from the Borrower representing an optional prepayment of principal at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date and plus any premium remitted therewith as required by the Note.

(c) ***Mandatory Sinking Fund Redemption.*** This Bond shall be subject to mandatory sinking fund redemption, on each Payment Date on and after the Permanent Loan Conversion Date in an amount equal to the principal amortization of the Loan paid to the Trustee as a scheduled payment on the Note.

(d) ***Mandatory Redemption Upon Loan Agreement or Other Loan Document Default.*** This Bond is subject to mandatory redemption in whole upon the occurrence of an event of default under the Loan Agreement or any other Loan Document at the direction of the Bondowner Representative at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption.

(e) ***[Reserved].***

(f) ***Mandatory Redemption Due to Failure To Convert to Permanent Loan.*** This Bond shall be subject to redemption in whole on [DATE], as the same may be extended in accordance with the provisions of the Note if the rate on the Bond is not converted to the Reset Rate by such date, as such date may be extended pursuant to the terms of the Note and the Indenture.

If this Bond or any portion thereof is redeemed (other than pursuant to the above-referenced mandatory sinking fund redemption schedule) or purchased and canceled by the Trustee and not theretofore applied as a credit against any redemption of this Bond pursuant to the above-referenced mandatory sinking fund redemption schedule, the Trustee shall apply the

principal amount of the Bond redeemed or purchased and canceled for credit against the principal installments to be paid pursuant to the mandatory sinking fund redemption schedule in such manner as the Bondowner Representative, with the concurrence of the Trustee, determines so as to as nearly as possible maintain level principal and interest payments on the Bond to the Maturity Date.

Notice of Redemption

No advance notice of redemption of this Bond shall be required. Notice of redemption shall be provided to the Bondholder immediately upon receipt by the Trustee of funds to be used for such redemption and in the case of an extraordinary redemption due to a Determination of Taxability or a mandatory redemption upon Loan Agreement or Mortgage Default, upon receipt by the Trustee of a Loan Agreement or Mortgage Default or the occurrence of a Determination of Taxability, as appropriate. No defect in or failure to give notice shall affect the validity of the proceedings for redemption of this Bond. Such notice, which shall be prepared by the Trustee at the expense of the Borrower, shall state the subsection under the Indenture pursuant to which this Bond is being called for redemption and shall specify the date on which and the place where it shall be presented for redemption. Except as specifically provided in the Indenture and provided sufficient funds are on deposit with the Trustee with respect to such redemption, the portion of this Bond thus called for redemption shall cease to bear interest from and after the specified redemption and the Bondholder shall have no further rights with respect to the redeemed portion of this Bond or under the Indenture except to receive the redemption price of such Bond.

Method of Redemption

(a) The Trustee shall redeem the Bond or a portion thereof under subsection (a)(ii) or (d) above only if it has received immediately available funds sufficient for such purpose on or prior to the redemption date.

(b) If this Bond is redeemed pursuant to subsection (a)(ii) or (d) hereof, payment of the redemption price shall be deemed made by the Trustee's and the Issuer's absolute assignment to the Bondowner of all right, title and interest of the Issuer and the Trustee in and to the Loan Documents. Such assignment shall constitute full and complete satisfaction of all obligations of the Issuer to the Bondholder under the Indenture.

(c) If this Bond is redeemed only in part, it shall be surrendered to the Trustee and the Trustee shall make an appropriate notation on the principal log attached thereto indicating the portion of such Bond redeemed.

Business Day Payments

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment.

Enforcement; Modification of Indenture and Loan Documents

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Loan Agreement. Modifications or alterations of the Indenture, of any indenture supplemental thereto or of Loan Documents may be made only to the extent and in the circumstances permitted by the Indenture but only with the prior consent of the Bondowner Representative.

Denomination; Exchange; Treatment of Registered Holder

This Bond is issued as a single fully registered bond without coupons. This Bond may be exchanged by the Holder for another Bond, upon surrender thereof by the Holder at the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations provided in the Indenture. The Issuer, the Trustee, the Bond Registrar and any Paying Agent may deem and treat the Holder of this Bond as the absolute owner of such Bond (whether or not this Bond shall be overdue) for the purpose of receiving payment on this Bond (except as otherwise hereinabove provided with respect to the Record Date and Special Record Date) and for all other purposes, and the Issuer, the Trustee, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

Registration of Transfer

The transfer of this Bond is subject to certain restrictions as provided in the Indenture and described below and to registration by the Holder in person or by the Holder's attorney hereof upon surrender of this Bond at the principal corporate trust office of the Bond Registrar, duly endorsed or accompanied by a written instrument or instruments of transfer in the form printed on this Bond or in another form satisfactory to the Bond Registrar and executed and with guaranty of signature by the Holder hereof or his, her or its attorney duly authorized in writing, containing written instructions as to the details of the registration of the transfer of this Bond. Thereupon the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Bond.

Except as otherwise provided in the Indenture, this Bond may be transferred, as a whole but not in part, to a new Bondholder only upon receipt by the Registrar, the Issuer and the Trustee of evidence that such Bond is being transferred to a "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended). The Bond Registrar shall not register any transfer or exchange of this Bond unless such Bondholder's prospective transferee delivers to the Trustee an investor's letter substantially in the form set forth in Exhibit C to the Indenture and obtains the prior written consent of the Issuer.

Service Charges; Taxes

No service charge shall be made to the Holder for any registration, transfer or exchange, but the Bond Registrar and the Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of this Bond, other than exchanges expressly provided in the Indenture to be made without charge to the Holder, and any legal or other unusual costs of transfers and lost bonds.

Acceleration; Default

No default by the Borrower under any of the Loan Documents shall constitute a default under the Indenture. This Bond is not subject to acceleration upon any Borrower default, although it may be redeemed as provided in the Indenture.

Governing Law

This Bond shall be governed by and construed in accordance with the laws of the State of California.

Indenture Controlling; Consent

The terms of this Bond are subject in all respects to the terms of the Indenture. If there is a conflict between the provisions of this Bond and the Indenture, the Indenture shall control. By acceptance of this Bond, the registered owner hereof hereby consents to the terms of the Indenture and the Loan Documents.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, including the Act.

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 [DATE].

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 Commissioners

Deputy

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Name _____
Title _____

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address) (Please Insert Social Security or Other Identifying Number of Assignee: _____) the within Bond and all rights and title therein, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed

(Registered Owner)

NOTICE: Signature(s) must be guaranteed by a qualified guarantor institution.

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM
TEN ENT
JT TEN

as tenants in common
as tenants by the entirety
as joint tenants with rights of survivorship and not as tenants in common

UNIF GIFT MIN ACT _____
(Minor)

Custodian _____
(Cust)

Under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT A

PRINCIPAL LOG

Purchase Amount	Purchase Date	Redemption or Payment Amount	Redemption Date	Outstanding Principal	Trustee Initials
----------------------------	--------------------------	---	----------------------------	----------------------------------	-----------------------------

EXHIBIT C
INVESTOR'S LETTER

[DATE]

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

U.S. Bank National Association
Los Angeles, California

\$6,850,000
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(Slauson Station Apartments)
Series 2011D

Ladies and Gentlemen:

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

1. The Investor proposes to purchase all of the aggregate principal amount of the above-referenced bond (the "Bond") issued pursuant to that certain Indenture of Trust, dated as of December 1, 2011 (the "Indenture"), between The Housing Authority of the County of Los Angeles (the "Issuer") and U.S. Bank National Association, as trustee. The Investor understands that the Bond is not rated by any securities rating agency and is secured only by the Slauson Station Apartments and the revenues therefrom, and will be sold to the Investor in reliance upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the "Offering Information"). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Documents. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any "due diligence investigation or inquiry" by the Issuer, by each employee of the Issuer, by each member of the Board of Commissioners of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bonds and the Investor's purchase of the Bonds. The Investor recognizes and agrees that the Issuer, each employee of the Issuer, each member of the Board of Commissioners of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor's purchase of the Bonds. In

making an investment decision, the Investor is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the Bonds.

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

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

5. The Investor is purchasing the Bond solely for its own account for investment purposes and has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond in whole (but not in part), at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture, including the prior written consent of the Issuer. The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement.

7. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933 ("Rule 144A") and it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a "qualified institutional buyer," as defined in Rule 144A ("QIBs"), in compliance with Rule 144A.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter and the consent of the Issuer referenced in Section 6 above and the Indenture.

9. Neither the Trustee, the Bond Counsel to the Issuer, the Issuer, its governing body, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Project, the Issuer, the Borrower or their financial conditions or regarding the Bond, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the

Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bond, (b) the Offering Information and any additional information specifically requested from the Issuer or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the Issuer, the Project and the Borrower) prior to its purchase of the Bond, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bond.

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

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

12. The undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to make the certifications, represents and warranties contained herein.

Very truly yours,

_____, as Purchaser

By _____
[Name]
[Title]

Dated: _____, 20__

EXHIBIT D

FORM OF REQUISITION CERTIFICATE (COSTS OF ISSUANCE FUND)

To: U.S. Bank National Association, as Trustee under that Indenture of Trust dated as of December 1, 2011 (the "Indenture") between the Trustee and The Housing Authority of the County of Los Angeles.

1. You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 5.10 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I are attached hereto.

2. The undersigned certifies that:

(a) it has received no notice of any lien, right to lien or attachment upon, or claim affecting the right of the payee(s) to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein;

(b) each obligation stated on the attached Schedule I to this requisition has been incurred in or about the issuance of the Bond and each item is a proper charge against the Costs of Issuance Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(d) each obligation stated on the attached Schedule I to this requisition constitutes a "cost of issuance" under Section 147(g) of the Code; and

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

[Remainder of page intentionally left blank]

Dated: _____

SLAUSON STATION APARTMENTS, L.P., a
California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____
Name: Zoe Ellas
Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____
Name: Eugene Kim
Title: President

Approved by:

NARA BANK, as Bondholder Representative

By _____
Authorized Representative

THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By /s/ Sean Rogan _____
Authorized Representative

Slauson Station - Schedule of Payees

4820-0278-7339, V. 4

LOAN AGREEMENT

by and among

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

NARA BANK, a California banking corporation
as Bondowner Representative

and

SLAUSON STATION APARTMENTS, L.P.,
a California limited partnership,
as Borrower

relating to

\$6,850,000
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(Slauson Station Apartments)
Series 2011D

Dated as of December 1, 2011

The interests of Issuer in this Agreement, excluding the Unassigned Issuer's Rights retained by Issuer, have been assigned to U.S. Bank National Association, as Trustee pursuant to an Indenture of Trust dated as of December 1, 2011 between The Housing Authority of the County of Los Angeles and U.S. Bank National Association, as Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Agreement”) is made and entered into as of December 1, 2011 by and among **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (“Issuer”), **NARA BANK**, a California banking corporation (the “Bondowner Representative”) and **SLAUSON STATION APARTMENTS, L.P.**, a California limited partnership (“Borrower”).

WITNESSETH:

WHEREAS, Issuer is a public body corporate and politic of the State of California (the “State”); and

WHEREAS, Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, on July 5, 2011 the Board of Commissioners of the Issuer passed a resolution supplementing its resolution of December 2, 2008 indicating the Issuer’s intent to provide for the issuance of revenue bonds to finance the acquisition and construction of Slauson Station Apartments, a 30-unit multifamily residential rental project located in the County of Los Angeles at 1707-1717 East 61st Street, Los Angeles, California (the “Project”) and the Board of Commissioners of the Issuer subsequently adopted a resolution dated [DATE] (the “Resolution”) authorizing the issuance of bonds for such purpose; and

WHEREAS, Issuer, Bondowner Representative and Borrower have determined to enter into this Agreement in order to set forth the term of the Loan; and

WHEREAS, Issuer deems it desirable and in keeping with its purpose to issue its Multifamily Housing Revenue Bond (Slauson Station Apartments) Series 2011D in the original principal amount of \$6,850,000 (the “Bond”) and loan the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained in this Agreement; and

WHEREAS, to evidence the loan of the proceeds of the Bond, Borrower is executing in favor of the Trustee a Promissory Note, in the initial maximum principal amount of \$6,850,000 relating to the Bond (the “Note”) substantially in the form attached hereto as Exhibit A, which Note provides for the repayment of the sums borrowed pursuant hereto in payments sufficient to pay, when due, the principal of, premium, if any, and interest on the Bond and related expenses of Issuer and Trustee and Project-related expenses and Borrower has executed or caused to be executed the Mortgage (as such term is defined in the Indenture) and the Assignments referenced in recitals below with respect to the Project to secure, among other things, the payments due and other obligations under this Agreement; and

WHEREAS, Bondowner Representative has been approved by the Bondholder to act on its behalf with respect thereto and has been authorized by Issuer to service the Loan; and

WHEREAS, the Loan consists of a construction loan in the principal amount not to exceed \$6,850,000 (the “Construction Loan”) which will be prepaid on or before the Permanent Loan Conversion Date (the “Permanent Loan”); and

WHEREAS, the Facility, Plans and Specifications, name of Architect, date and title of the Architecture Contract, name of the Engineer, date and title of the Engineering Contract, name of the Contractor and date and title of the Construction Contract are all more fully described in Exhibit H hereto; and

WHEREAS, the Note is to be additionally secured by an Assignment of Contracts, Plans and Specifications (the “Assignment of Contracts”), a Replacement Reserve Agreement (the “Replacement Reserve Agreement”), an Operating Reserve Agreement (the “Operating Reserve Agreement”), an Operating Deficit Guaranty and a Payment and Performance Guaranty (together, the “Guaranty”) and an Assignment of Rights to Partnership Interests (the “Assignment of Rights”); and

WHEREAS, Borrower is executing an unsecured Certificate of Compliance and Indemnity Agreement Regarding Hazardous Substances (the “Indemnity Agreement”) to induce Issuer to make the Loan; and

WHEREAS, this Agreement, the Note, the Mortgage, the Assignment of Contracts, the Replacement Reserve Agreement, the Regulatory Agreement and all other documents which otherwise evidence, guaranty or secure the Loan collectively constitute the “Loan Documents.” The Loan Documents include the documents set forth in Exhibit D attached hereto, but do not include the Indemnity Agreement.

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

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.01. Definitions. In this Agreement, all capitalized terms used herein and not defined shall have the meaning ascribed thereto in Section 1.01 of the Indenture.

Section 1.02. Rules of Interpretation.

(a) This Agreement shall be governed by and construed in accordance with the Act and judicial decisions of the State of California (the “State”), except as they may be preempted by federal rules, regulations and laws applicable to Issuer.

(b) The words “herein,” “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than to any particular section or subdivision of this Agreement.

(c) References in this Agreement to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Agreement as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with tax basis accounting principles; and all computations provided for herein shall be made in accordance with tax basis accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Agreement and shall not define or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(h) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

(i) References to the Bond as “tax-exempt” or to the “tax-exempt status of the Bond” are to the exclusion of interest on the Bond from gross income for federal income tax purposes pursuant to Section 103 of the Code, irrespective of such forms of taxation as the alternative minimum tax or branch profits tax on foreign corporations, as is consistent with the approach taken in Section 59(i) of the Code.

ARTICLE II

DISBURSEMENT OF FUNDS; ACCOUNTS; LOAN PAYMENTS

Section 2.01. Amount and Source of Loan Disbursements; Bondowner Advances.

(a) Issuer has authorized the issuance of the Bond in the aggregate principal amount of up to \$6,850,000. Issuer agrees to make the Loan in the amount of up to \$6,850,000 to Borrower with the proceeds of the Bond. Borrower accepts the Loan from Issuer upon the terms and conditions set forth in this Agreement and the Loan Documents, subject to the Indenture and the Regulatory Agreement. Disbursements will be made of the Loan from time to time as provided herein. Borrower agrees to have the proceeds of the Loan applied and disbursed directly or indirectly to provide for the financing of the Project. The Bondowner Representative will cause the Bondholder to advance funds to purchase the Bond and fund the Loan as provided herein.

(b) The Loan shall be evidenced by, payable in accordance with, and bear interest at the rates and on the terms provided in, the Note and be secured by the Mortgage. Borrower will repay the Loan in accordance with the provisions of the Note and this Agreement. Notwithstanding anything to the contrary contained herein, Borrower covenants that it shall

make payments, at such times and in such amount to assure that payment of the principal of and premium, if any, and interest on the Bond shall be made when due, whether at maturity, by call for redemption, by acceleration or otherwise.

(c) (i) Disbursements of Loan proceeds shall be deemed made by Trustee under and pursuant to the Indenture when funded by the Bondowner Representative in accordance with this Agreement. Under no circumstances shall the aggregate amount of funds requisitioned hereunder chargeable to the Loan exceed \$6,850,000 consisting of funds advanced to purchase the Bond in an amount not to exceed \$6,850,000, nor shall any funds be advanced hereunder after [December 31, 2014]. Bondowner Representative agrees to notify the Trustee of the date, amount and disbursements of the Loan (which disbursements shall be made by the deposit of Bond advances in the Project Fund under the Indenture) for notation on the Principal Log as additional payment of purchase price of the Bond, and of all amounts payable to it as interest on the Loan (for credit to the payment of interest on the Bond) prior to the Permanent Loan Conversion Date in accordance with the Indenture by delivery of a completed Requisition Certificate (in the form attached as Exhibit A to the Indenture) or such other form approved by the Trustee. Furthermore, Bondowner Representative agrees to deliver to the Trustee on or before the Permanent Loan Conversion Date a schedule of principal payments to be made by Borrower pursuant to the Note monthly following the Permanent Loan Conversion Date, which amounts will be applied to the mandatory sinking fund redemption of the Bond pursuant to Section 3.01(c) of the Indenture. In the event of any redemption of the Bond prior to maturity pursuant to the Indenture other than by reason of Section 3.01(c), Bondowner Representative shall recompute and deliver to the Trustee the revised schedule of principal payments reference in the preceding sentence, corresponding to the revised amortization of the Loan pursuant to the Note which shall be consistent with Section 3.01 of the Indenture.

(ii) Bondowner Representative shall make disbursements of costs of the Project from proceeds of the Loan or other funds available for said purpose based on a detailed breakdown (“Cost Breakdown”) of acquisition, construction, financing and other development costs.

(iii) If Borrower cannot complete the Facility in strict conformity with the most recently approved Cost Breakdown, Borrower shall immediately submit to Bondowner Representative for its approval a revised Cost Breakdown in the same format, which shall be attached as Exhibit I-2. Bondowner Representative need make no further disbursements unless and until it approves the revised Cost Breakdown.

(iv) Except as provided in the attached Exhibit E (“Disbursement Schedule”), prior to the first disbursement of the Loan, Borrower will submit to Bondowner Representative for Bondowner Representative’s approval an Authorization and Request to Disburse (“Draw Request”), in the form prescribed in Section 2 of the Disbursement Schedule, signed by Borrower or Borrower’s agent designated in Section 5(b) of the Disbursement Schedule, accompanied by such documentation and information as Bondowner Representative may require.

(v) In no event shall Bondowner Representative be required to disburse Borrower’s Sources (as defined in Section 2.02 below) in an aggregate total amount in

excess of the Total Project Costs (as defined in Section 2.02 below) (including contingency reserve and interest reserve) as set forth in the most recently approved Cost Breakdown.

(vi) Anything to the contrary herein notwithstanding, Bondowner Representative shall disburse a minimum of \$50,001 to the Trustee on the Dated Date, for deposit into the Project Fund as the purchase price of a portion of the Bond to be held by the Trustee, which amounts shall be subject to further disbursement on the same terms as provided for hereunder and under the Indenture. Bondowner Representative agrees to direct the Trustee to disburse all funds relating to the Loan from the Project Fund, and shall submit to Trustee a requisition in the form of Exhibit A for each disbursement.

Section 2.02. Loan in Balance; Borrower's Sources.

(a) The Loan is "in balance" whenever the amount of the undisbursed Loan funds, plus the undisbursed funds available to Borrower for the Project (taking into account, among other things, the timing of anticipated receipts and disbursements of funds) under the HOME Loan and City of Industry Loan (each as defined in Section 3.08 below), plus any sums on deposit or which Bondowner Representative has received reasonable assurance will be deposited into a restricted account to be maintained with Bondowner Representative in Borrower's name (the "Equity Account") which Equity Account shall earn interest at the rate paid by Bondowner Representative from time to time on similar accounts, plus any sums on deposit in Borrower's Funds Account (as defined below) or otherwise made available to Bondowner Representative in the form of a letter of credit, pledged bank account, or other form of cash collateral, approved by Bondowner Representative in its sole and absolute discretion ("Cash Collateral"), are sufficient in the judgment of Bondowner Representative to pay, through completion of all of the Facility and on a timely basis all of the following sums ("Total Project Costs"): (i) all costs of acquisition, ownership and maintenance of the Project Premises and Facility and all costs and expenses of construction of the Facility in accordance with the Plans and Specifications and the Cost Breakdown approved by Bondowner Representative; (ii) all costs of leasing or renting of the apartment units in the Facility; and (iii) all interest and all other sums and costs which may accrue or be payable under the Loan Documents prior to or in connection with conversion of the Construction Loan to the Permanent Loan. The HOME Loan, the City of Industry Loan, Equity Account, Borrower's Funds Account, and any Cash Collateral, together with undisbursed Loan funds, are collectively referred to herein as "Borrower's Sources." Borrower shall: (i) cause Investor Limited Partner to deposit, as a condition to issuance of the Authorization to Proceed (as defined in Section 3.01 below), the Equity Closing Contribution (as defined in the Partnership Agreement) directly into the Equity Account; (ii) cause Investor Limited Partner to deposit the Construction Contribution and the Final Contribution (each as defined in the Partnership Agreement) into the Equity Account when the respective conditions precedent to such contributions have been met, as set forth in the Partnership Agreement; and (iii) deposit amounts demanded by Bondowner Representative as set forth below when the Loan is "out of balance" into a restricted non-interest bearing account to be maintained with Bondowner Representative in Borrower's name (the "Borrower's Funds Account") to be disbursed to complete the construction of the Project, unless Bondowner Representative has agreed otherwise in writing in each instance, which agreement may be withheld by Bondowner Representative in its sole discretion.

(b) The Loan is “out of balance” if and when Bondowner Representative determines that there are insufficient funds (taking into account the amount and timing of all of Borrower’s Sources) in the judgment of Bondowner Representative to pay, through completion of the Facility and conversion to the Permanent Loan, all Total Project Costs. Borrower acknowledges that the Loan may become “out of balance” in numerous ways, not all of which may now be foreseen. Borrower further acknowledges that the Loan may become “out of balance” from a shortage of funds in any single line item or category of the Cost Breakdown, even if there are undisbursed Loan funds in other line items or categories. Undisbursed funds in one category or line item may not be applied to another category or line item unless Bondowner Representative consents in writing to such use in each instance, which consent will not be unreasonably withheld.

(c) Whenever the Loan becomes “out of balance,” Bondowner Representative may, at its option, make written demand on Borrower to deposit Borrower’s own funds into Borrower’s Funds Account and/or draw upon, demand, or otherwise obtain payment to Bondowner Representative of any Cash Collateral, in any such instance in an amount sufficient in Bondowner Representative’s reasonable estimation to cause the Loan to be “in balance.” Within fifteen (15) business days following Bondowner Representative’s written demand, Borrower must deposit into Borrower’s Funds Account all funds required by Bondowner Representative’s demand that are in excess of any Cash Collateral actually delivered to Bondowner Representative. Borrower must also submit, for Bondowner Representative’s approval, a revised Cost Breakdown (with a copy to Issuer) within fifteen (15) days after any such demand.

Section 2.03. Disbursement Procedures.

(a) Bondowner Representative shall fund the Loan as described herein and in the Disbursement Schedule. Notwithstanding recording of the Mortgage or anything contained in this Agreement, Bondowner Representative shall not be required to fund or approve any disbursement of Loan proceeds (except for fees, costs and reimbursements payable to Bondowner Representative), unless and until Bondowner Representative has determined that: (i) the amount and timing of Borrower’s Sources are sufficient to pay the Total Project Costs, and (ii) the Mortgage and all disbursements of the Loan funds will be and shall remain a first priority lien on the Project.

(b) Following receipt of funds disbursed from the Project Fund, Bondowner Representative shall transfer funds to Borrower’s Funds Account and Bondowner Representative shall cause the funds to be transferred into a non-interest bearing checking account to be maintained with Bondowner Representative in the name of Borrower (the “Checking Account”). Bondowner Representative shall make disbursements of funds from Borrower’s Sources (other than HOME Loan or City of Industry Loan proceeds) into the Checking Account. Borrower shall accompany each Draw Request with a check drawn on the Checking Account payable to the applicable Contractor, subcontractors, laborers or material suppliers or other third parties for items covered by the Draw Request, and, to the extent that the Draw Request is approved, Bondowner Representative shall mail each such check to the payee thereof. Alternatively, Bondowner Representative, at its option, may make disbursements directly to any such payees without flowing the disbursed funds through the Checking Account. Notwithstanding the

foregoing, if Bondowner Representative elects to utilize the services of a Disbursement Agent, as set forth in Article VIII hereof, Borrower need not accompany each Draw Request with checks made payable to the payees.

(c) Bondowner Representative, at any time, may use any of Borrower's Sources to pay Loan fees owing to Bondowner Representative, interest on the Loan, fees and expenses of Bondowner Representative's attorneys, title and miscellaneous costs which are payable by Borrower hereunder, and such other sums as may be owing from time to time by Borrower to Bondowner Representative with respect to the Loan, all without further notice to or authorization by Borrower (subject to the requirement of Section 2.03(f) below). These payments may be made, at Bondowner Representative's option, by: (i) debiting the applicable account containing any of Borrower's Sources in the amount of the payments without first depositing that amount into the Checking Account; (ii) disbursing all or any part of the amount of the payments into the Checking Account and then debiting the Checking Account or (iii) invoicing Borrower in the amount of the payments; provided, however, that Bondowner Representative shall provide Borrower with notice of any such debit by Bondowner Representative no later than thirty (30) days after the debiting has occurred. For these purposes, Bondowner Representative is not restricted to the line items and cost categories of the Cost Breakdown. Borrower acknowledges that such a use of Borrower's Sources by Bondowner Representative may cause the Loan to become "out of balance," requiring deposits by Borrower into Borrower's Funds Account or payment to Bondowner Representative of Cash Collateral.

(d) If the Cost Breakdown provides for an undisbursed balance remaining in the interest reserve line item of the Cost Breakdown and all other disbursement conditions have been met, then Bondowner Representative from time to time shall disburse Borrower's Sources to pay interest on the Loan from the interest reserve line item.

(e) Interest on each disbursement, whether initiated by Borrower or Bondowner Representative, shall be payable from the time Bondowner Representative debits the Loan funds in the amount of the disbursement.

(f) Notwithstanding anything to the contrary herein, all disbursements relative to the Loan will be made by depositing Loan funds to the Project Fund under the Indenture and requisitioning such funds as provided therein.

Section 2.04. Additional Disbursement Conditions. Bondowner Representative need not make any disbursement of Borrower's Sources until Borrower fulfills all conditions of the Loan Documents relating to such disbursement, to Bondowner Representative's satisfaction. Bondowner Representative's Loan closing conditions and conditions for subsequent disbursements include the matters described in the Disbursement Schedule. Bondowner Representative may require that the title policy required to be delivered pursuant to the terms of the Disbursement Schedule be brought current with each Loan disbursement by issuance of endorsements satisfactory to Bondowner Representative at Borrower's sole cost and expense.

Section 2.05. No Waiver of Conditions. Any waiver by Bondowner Representative of a condition of disbursement must be expressly made by Bondowner Representative in writing. If Bondowner Representative makes a disbursement before fulfillment of one or more required

conditions, such disbursement shall not be a waiver of such condition with respect to subsequent disbursements, and Bondowner Representative reserves the right to require their fulfillment before making any subsequent disbursements. If all disbursement conditions are not satisfied, Bondowner Representative, without waiving any rights or conditions as to any other or further disbursements, may disburse selectively as to certain items or categories of costs and not others.

Section 2.06. Conditions to Disbursement for Restoration. The following shall be conditions precedent to the right of Borrower to obtain disbursement of proceeds of casualty insurance or condemnation awards, which proceeds may be used by Borrower only to restore the portion of the Project subject to such casualty and condemnation, which may include all of the Project if the casualty affected all of the Property (the “Affected Property”) following the occurrence of a casualty or condemnation and which proceeds shall be deposited, when received, in a segregated account specified by the Bondowner Representative:

(a) no uncured Event of Default (as defined in Section 6.01) shall have occurred, and no event which, with the giving of notice or the passage of time, or both, would be an uncured Event of Default shall have occurred and be continuing;

(b) Bondowner Representative and Issuer shall have received and approved each of the following:

(i) plans and specifications for the reconstruction of the Affected Property;

(ii) copies of all contracts and subcontracts for the reconstruction of the Affected Property;

(iii) if required by Bondowner Representative, payment and performance bonds for the reconstruction of the Affected Property;

(iv) assignments by Borrower to Trustee on behalf of Issuer of each of the plans and specifications described in clause (i), and each of the contracts and subcontracts described in clause (ii), in form and content satisfactory to Bondowner Representative, and consents to such assignment, in form and content satisfactory to Bondowner Representative, duly executed by the contractors and subcontractors; and

(v) a line item budget setting forth, in form and level of detail satisfactory to Bondowner Representative, all costs of reconstruction of the Affected Property in accordance with the plans and specifications described in clause (i) above;

(c) all proceeds of casualty insurance policies or condemnation awards, as the case may be, shall have been received by Bondowner Representative on behalf of Trustee in the Replacement Reserve Account;

(d) to the extent that available proceeds or an irrevocable commitment of funds reasonably acceptable to the Bondowner Representative received by Bondowner Representative on behalf of Trustee are insufficient to pay all costs of reconstruction of the

Project, Borrower shall have delivered the amount of any shortfall, as determined by Bondowner Representative, into Borrower's Funds Account; and

(e) Bondowner Representative shall have determined that the Project will, following reconstruction, have a fair market value which is at least equal to its value prior to the casualty or condemnation.

If all of the foregoing conditions are satisfied, proceeds held by Bondowner Representative on behalf of Trustee and funds in Borrower's Fund Account shall be disbursed subject to the consent of Bondowner Representative and Issuer, in the same manner and subject to the same conditions (subject to adjustment to reflect the different nature of construction) as applied with respect to the disbursement of the proceeds of the Loan. If the foregoing conditions are not satisfied, or if, after satisfaction of such conditions any proceeds of casualty insurance or condemnation awards remain, all such proceeds shall be remitted to Trustee promptly on account of the outstanding balance on the Note for application to the redemption in whole or in part of the Bond as provided in the Indenture.

Borrower hereby grants a security interest in each of said accounts to Issuer, and Issuer hereby assigns such security interest to Trustee on behalf of the Bondowners. Bondowner Representative shall not be a trustee with respect to said accounts.

Bondowner Representative shall maintain accurate records of the balances, uses and investment of the funds in the above-referenced accounts.

Section 2.07. Loan Payments. Prior to the Permanent Loan Conversion Date, Borrower shall pay to the Trustee, on the dates set forth in the Note, all amounts due under the Note for principal, premium, if any, and interest. Interest on the Note shall accrue at the rates set forth therein on the total Disbursed Amounts and shall be payable at the times specified in the Note. Principal on the Loan shall be payable at the times specified in the Note. Notwithstanding anything to the contrary herein, from and after the Permanent Loan Conversion Date Borrower shall remit to the Trustee all amounts required to be paid by the Trustee to the Bondowner as principal of, premium, if any, and interest on the Bond as provided in the Note and in any case on or before the day such amounts are required to be paid to the Bondholder and such amounts shall be applied against Borrower's obligations under the Note.

Section 2.08. No Warranty by Issuer. Borrower agrees that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE

NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.08 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 2.09. Payment of Issuance Costs by Borrower. Borrower agrees that it will provide, on the Closing Date, any and all funds required for the prompt and full payment of all Costs of Issuance of the Bond, including, but not limited to, the following items:

- (a) all legal (including Bond Counsel and the respective counsel to Borrower, Issuer, Bondowner Representative and Trustee), abstractors', title insurance, financial, engineering, environmental, construction services, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer, Bondowner Representative and Trustee on or before or in connection with issuance of the Bond;
- (b) premiums on all insurance required to be taken out and maintained pursuant to this Agreement;
- (c) all mortgage registry fees and recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection with this financing;
- (d) all initial fees and expenses of the Trustee, the Paying Agent and Issuer;
- (e) all fees and expenses for title insurance, survey and related matters; and
- (f) other costs of issuance.

Section 2.10. Borrower's Obligations Unconditional. The obligations of Borrower to perform and observe the agreements on its part contained herein shall be absolute and unconditional and payment of the Loan and Additional Charges and all other payments required of Borrower hereunder or under the Note shall be paid without notice or demand and without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. Borrower will not suspend or discontinue any such payments, and will perform and observe all of its other agreements in this Agreement, and, except as expressly permitted with respect to prepayment of the Note, will not terminate this Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or Borrower's business, the taking of the Project or Borrower's business by Condemnation or otherwise, the lawful prohibition of Borrower's use of the Project or Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, the lack of right, power or authority of Issuer to enter into this Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of Issuer or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States

of America or of the State or any political subdivision thereof, or failure of Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Loan and other amounts payable by Borrower hereunder or under the Note shall be paid in full when due without any delay or diminution whatever.

ARTICLE III

BORROWER COVENANTS

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

Section 3.01. Completion of Construction. Borrower shall not commence physical construction of the Facility unless and until Borrower shall have received Authorization to Proceed (as defined below). Bondowner Representative shall promptly, upon Borrower's written request following Borrower's satisfaction (or waiver by Bondowner Representative for this purpose) of all of the conditions set forth in Section [1(a)] of the Disbursement Schedule, issue to Borrower written authorization to proceed with construction ("Authorization to Proceed"). Borrower acknowledges and agrees that, upon receipt of the Authorization to Proceed, it shall diligently continue construction to completion, all in accordance with the schedule ("Completion Schedule") which is attached as Exhibit C hereto. Borrower shall complete the construction of the Project and all of the Facility no later than the completion date set forth in the Completion Schedule, subject to extension as set forth below ("Completion Date"). Borrower shall obtain a temporary certificate of occupancy (with all remaining conditions bonded for), or if unavailable a certificate of completion from the Architect for the Project prior to the Completion Date. In addition, Borrower shall record all appropriate notices of completion, and obtain temporary certificates of occupancy or similar permits regarding completed apartment units and other spaces within the Project as necessary or required to permit the lawful use and occupancy of each of such units and spaces.

Section 3.02. Requirements. Borrower shall construct the Facility in a good and workmanlike manner in accordance with sound building practices and all applicable governmental and insurance requirements, substantially in accordance with the Plans and Specifications and the recommendations of any soils and environmental reports submitted to Bondowner Representative and accepted by it. Borrower shall comply with all existing and future laws, regulations, codes, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental authorities having jurisdiction over the Project, and private parties with rights with respect to the Project, including, without limitation, those pertaining to the construction, sale, lease, rental or financing of the Facility and all requirements necessary to obtain and maintain the LIHTCs, if any, allocated to the Project (collectively, the "Requirements").

Section 3.03. Changes.

(a) Borrower shall obtain Bondowner Representative's prior written approval of any change in the Plans and Specifications or any other Requirements which:

(i) might adversely affect the value of Bondowner Representative's security; or

(ii) regardless of cost, is a material change in structure, design, exterior appearance, square footage, or function of the Facility; or

(iii) would cause an increase in any line item or category of the Cost Breakdown or would cause the Loan to be out of balance; or

(iv) would alter or otherwise not comply with any of the Requirements; or

(v) subject to extension as set forth below, might delay completion of any element of the Facility beyond the time allocated for it in the Completion Schedule, or completion of all of the Facility beyond the Completion Date; or

(vi) is otherwise required by the terms and provisions of the Loan Documents.

(b) Borrower shall obtain Bondowner Representative's prior written approval of any change in any work or materials for the Facility which, together with all prior changes for which consent was not required pursuant to Section 3.03(a) of this Agreement, exceeds an absolute value (whether by increasing or decreasing construction costs) of \$50,000 in aggregate amount. Also, the prior written approval of Bondowner Representative must be obtained for any single change in any work or materials (whether positive or negative) which exceeds \$25,000 in amount or which causes any line item of the Cost Breakdown to be increased or decreased by 10% or more.

(c) Borrower shall obtain Bondowner Representative's prior written approval of all material changes in the scope, schedule, payment terms, performance requirements, or general conditions of the Construction Contract, the Engineering Contracts or any other contracts pertaining to the design or construction of the Facility, including any that may be described in Exhibit B.

(d) Borrower shall obtain from the appropriate individuals or entities all approvals of any changes in the plans, specifications, work, materials or contracts that are required by any of the Requirements, or under the terms of any lease (including subleases), loan commitment or other agreement relating to the Project.

(e) Borrower shall provide Bondowner Representative for Bondowner Representative's approval copies of all applicable change orders, together with all additional documents that Bondowner Representative may require in order to evaluate a request for approval of a proposed change of a type described above which approval shall be given or

withheld within 10 days of request therefor. In the event that Bondowner Representative fails to approve or disapprove the applicable order within the time period set forth above, such change order shall be deemed approved. These documents shall include the following: (i) a written description of the proposed change and related working drawings; and (ii) a written estimate of the cost of the proposed change and the time necessary to complete it.

Section 3.04. Construction Information and Verification.

(a) Within fifteen (15) days after receiving a request from Bondowner Representative, Borrower shall deliver to Bondowner Representative any and all of the following information and documents that Bondowner Representative may specify, all in forms acceptable to Bondowner Representative:

(i) A current, complete and correct list showing the name, address and telephone number of each contractor, subcontractor and material supplier engaged in connection with the construction of the Facility, and the total dollar amount of each contract and subcontract (including any changes) together with the amounts paid through the date of the list.

(ii) True and correct copies of the most current versions of all executed contracts and subcontracts identified in the list described above, including any changes.

(iii) A current construction progress schedule showing the progress of construction and the projected sequencing and completion times for uncompleted work, all as of the date of the schedule.

(iv) Evidence that the Requirements have been fully satisfied.

(v) Any update to any item described above.

(b) Borrower authorizes Bondowner Representative to contact the Architect, each Engineer, the Contractor and any subcontractor, material supplier, surety or any governmental authority or agency, to verify any information regarding the Project. All contracts and subcontracts relating to construction of the Facility must require the disclosure of such information to Bondowner Representative. Bondowner Representative may disapprove any contractor, subcontractor, material supplier, surety or other party whom Bondowner Representative in its reasonable judgment may deem financially or otherwise unqualified; however, the absence of any such disapproval shall not constitute a representation of qualification.

(c) Based on the Requirements or any construction progress schedule or other materials submitted by Borrower or otherwise available to Bondowner Representative, Bondowner Representative may determine that all or a portion of the Facility will not be completed according to the Completion Schedule or that the Facility will not be completed by the Completion Date. If this happens, Bondowner Representative may request Borrower in writing to reschedule the work of construction to permit timely completion. Within fifteen (15) days after receiving such a request from Bondowner Representative, Borrower shall deliver to Bondowner Representative a revised construction progress schedule showing completion of the Facility within the times required by this Agreement.

Section 3.05. Permits, Licenses and Approvals. Borrower shall properly obtain, comply with and keep in effect all permits, licenses, agreements (including development agreements) and approvals which are required to be obtained from governmental bodies in order to construct, occupy, operate, rent or lease the Facility. Borrower shall promptly deliver copies of all such permits, licenses and approvals to Bondowner Representative and, on demand, Issuer. Notwithstanding anything to the contrary in any of the Loan Documents, Borrower shall not materially modify, amend, change, supplement or terminate any of such permits, licenses, agreements and approvals without Bondowner Representative's consent, which consent may be withheld in Bondowner Representative's reasonable discretion.

Section 3.06. Purchase of Materials; Conditional Sales Contracts; Stored Materials. Borrower shall not purchase or contract for any materials, equipment, furnishings, fixtures or articles of personal property to be placed or installed on the Project Premises or in the Facility under any security agreement or other agreement where the seller reserves or purports to reserve title or the right of removal or repossession, or the right to consider them personal property after their incorporation in the work of construction, unless Bondowner Representative in each instance has authorized Borrower to do so in writing.

No disbursements shall be made for materials ("Stored Materials") that are to be stored on the Project Premises or offsite unless and until the Stored Materials are incorporated into the Facility.

Section 3.07. Site Visits; Right To Stop Work. Bondowner Representative and its agents and representatives shall have the right at any reasonable time to enter and visit the Project for the purposes of performing an appraisal, observing the work of construction and examining all materials, plans, specifications, working drawings and other matters relating to the construction. For purposes of these site visits, Borrower shall at all times maintain a full set of working drawings at the construction site. Bondowner Representative shall also have the right to examine, copy and audit the books, records, accounting data and other documents of Borrower and its contractors which relate to the Project or construction of the Facility.

If Bondowner Representative reasonably determines that any work or materials fail to conform to the Requirements, the approved Plans and Specifications or sound building practices, Bondowner Representative may require the work to be stopped and withhold disbursements until the matter is corrected. Borrower shall promptly correct the work to the Bondowner Representative's reasonable satisfaction. No such action by Bondowner Representative shall affect Borrower's obligation to complete each element of the Facility within the time required by this Agreement.

Bondowner Representative is under no duty to visit the construction site, or supervise or observe construction or examine any books or records. Any site visit, observation or examination by Bondowner Representative shall be solely for the purpose of protecting Bondowner Representative's security and preserving Bondowner Representative's rights and interests under the Loan Documents. No site visit, observation or examination by Bondowner Representative shall impose any liability on Bondowner Representative, unless such liability is caused by the gross negligence or willful misconduct of Bondowner Representative, or results in a waiver of any default of Borrower. In no event shall any site visit, observation or examination

by Bondowner Representative be a representation that there has been or shall be compliance with the Plans and Specifications, that the construction is free from defective materials or workmanship, or that the construction complies with the Requirements or any other applicable governmental law, regulation or ordinance.

Section 3.08. Lien Claims; Junior Encumbrances.

(a) Borrower shall not incur or permit to exist on the Project any lien or encumbrance unless such lien or encumbrance shall first have been approved and consented to by Bondowner Representative in writing in its sole and absolute discretion and, in such event, any such lien or encumbrance shall at all times be junior and subordinate to the Mortgage. Notwithstanding the foregoing, Bondowner Representative hereby consents to: (i) an existing loan in an amount not to exceed \$2,398,845 made by Community Development Commission of the County of Los Angeles to Borrower (the "HOME Loan") which is secured by a deed of trust on the Project which will be amended prior to or on the Closing Date; (ii) a new loan in an amount not to exceed \$2,300,000 made by the Housing Authority of the County of Los Angeles with City of Industry tax increment funds (the "City of Industry Loan") which is secured by a deed of trust on the Project and, (iii) a new loan made by the State of California Department of Housing and Community Development in the amount of \$2,629,300 (the "MHP Loan") which shall be secured by a deed of trust on the Project, each of which shall be subject and subordinate to the Mortgage. The HOME Loan, the MHP Loan and the City of Industry Loan, are each referred to herein as a "Permitted Encumbrance". All agreements and instruments evidencing or securing the HOME Loan, the MHP Loan, or the City of Industry Loan, are herein called the "Permitted Encumbrance Documents." The form and substance of each of the Permitted Encumbrance Documents shall be subject to the written approval of Bondowner Representative. Borrower, and the holder of each Permitted Encumbrance shall respectively enter into any agreements required by Bondowner Representative as a condition of Bondowner Representative's consent to the respective Permitted Encumbrances.

(b) Borrower shall promptly pay or otherwise discharge all claims, stop notices and liens for labor done and materials and services furnished in connection with the construction of the Facility. Upon prior written notice to Bondowner Representative, Borrower shall have the right to contest in good faith any claim, stop notice or lien, provided that it does so diligently, without prejudice or cost to Bondowner Representative or delay in completing the Facility, and without threat of impairment of Bondowner Representative's security. Upon Bondowner Representative's request, Borrower shall promptly provide a bond, cash deposit or other security satisfactory to Bondowner Representative with respect to any such claim, stop notice or lien.

Section 3.09. Signs. At Bondowner Representative's request, Borrower shall post on the Project Bondowner Representative's standard signs, at Borrower's sole cost and expense, for the purpose of identifying Bondowner Representative as the construction lender and shall use its best efforts to identify Bondowner Representative in publicity concerning the Project.

Section 3.10. Insurance. Borrower must provide, maintain and keep in force at all times such casualty and liability insurance as is required under the Mortgage. Additionally, at all times during the construction of the Facility, Borrower must provide, maintain and keep in

force such additional insurance coverage as is generally required by Bondowner Representative for similar facilities.

Section 3.11. Cooperation. Borrower shall cooperate at all times with Bondowner Representative in bringing about the timely completion of each element of the Facility, and Borrower shall resolve all disputes arising during the work of construction in a manner which shall allow work to proceed expeditiously.

Section 3.12. Payment of Expenses. Borrower shall pay Bondowner Representative's costs and expenses incurred in connection with the making, disbursement and administration of the Loan, as well as any revisions, extensions, renewals, modifications or "workouts" of the Loan, and in the exercise of any of Bondowner Representative's rights or remedies under this Agreement. Such costs and expenses include, without limitation, title insurance, recording and escrow charges, survey charges, hazard insurance premiums, bond premiums, fees for appraisals and appraisal reviews, architectural and engineering reviews and services, construction services, cost engineering, environmental reviews and services, zoning and entitlement reviews and services, mortgage taxes, legal expenses and any other fees and costs for services rendered to Bondowner Representative in connection with the Loan, regardless of whether such services are furnished by Bondowner Representative's employees or agents or independent contractors. Borrower acknowledges that the loan and commitment fees, if any, for the Loan do not include amounts payable by Borrower under this subsection. Without limiting the generality of the foregoing, Borrower shall pay to Bondowner Representative a construction inspection/administrative fee ("Construction Inspection Fee") of \$[____] per draw request. The deposit listed in the preceding sentence will be credited to the actual costs incurred by Bondowner Representative in connection with the Loan.

Section 3.13. Loan Fees. In consideration for the making of the Construction Loan, Borrower shall pay to Bondowner Representative an origination fee in an amount equal to one and one-half percent (1.5%) of the Construction Loan amount of \$6,850,000. In consideration for making the commitment to enter into the Permanent Loan, Borrower shall pay to Bondowner Representative a permanent loan fee in an amount equal to one and one-half percent (1.5%) of the maximum Permanent Loan amount of \$1,006,232. Each of the Construction Loan origination fee and one-half of the Permanent Loan fee shall be payable concurrently with the recordation of the mortgage and one-half of the Permanent Loan fee shall be payable on or before the Permanent Loan Conversion Date. Pursuant to the terms and conditions contained in the Note, Borrower shall have the option to extend the term of the Construction Loan for one (1) period of up to six (6) months. Borrower shall pay the Bondowner Representative a fee of three quarters percent (.75%) of the outstanding Construction Loan Amount. All of the amounts set forth in this Section are nonrefundable when paid.

Section 3.14. Financial and Other Information. Borrower shall keep true and correct financial books and records on a cash basis for the construction of the Facility. During the term of the Construction Loan (as defined in the Note), commencing when the Facility is available for occupancy by prospective tenants, Borrower shall provide to Bondowner Representative, on or before the tenth (10th) day of each month, a current rent roll, an operating statement for the previous month and calendar year-to-date, and such other reports as are provided to Borrower by the management agent of the Project, including, without limitation, if requested by

Bondowner Representative, a narrative report of the progress of the leasing efforts and results for the Facility, which report shall also compare such progress with the Pro Forma Schedule and Leasing Program (as defined below) most recently approved by the Bondowner Representative, and a report evidencing Borrower's compliance with Section 42 of the Internal Revenue Code.

Section 3.15. Notices by Borrower. Borrower shall promptly notify Bondowner Representative and Issuer in writing of:

(a) any litigation affecting Borrower, or any general partner of Borrower, where the amount claimed is \$50,000 or more.

(b) any communication, whether written or oral, that Borrower may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Project Premises or the Facility fail in any material respect to comply with any of the Requirements or any other applicable governmental law, regulation, ordinance or guidance.

(c) any material adverse change in the physical condition of the Project (including any damage suffered as a result of earthquake, fire or flood) or the financial condition or operations of Borrower, or any constituent general partner of Borrower.

(d) any material default by the Contractor or any subcontractor, material supplier or surety, or any material adverse change in the financial condition or operations of any of them.

(e) any actual or proposed condemnation or taking for public or private use which affects all or part of the Project or any interest in it.

(f) any default by Borrower under any of the Loan Documents, the Permitted Encumbrance Documents or any of the Requirements.

(g) any material default by any of Borrower's partners under the Partnership Agreement.

(h) any actual or threatened exercise by any third party of any right or remedy on account of any default or alleged default of Borrower under or with respect to any loan, contract or agreement to which Borrower is a party, and which could have a material adverse effect upon Borrower, the Project or the construction of the Facility.

(i) any actual or proposed change in Borrower's name or any trade name in which it does business.

Section 3.16. Keeping Guarantor Informed. Borrower shall keep any guarantor who or which has furnished a guaranty of the Loan informed of all material matters with respect to the Project and the Loan.

Section 3.17. Income From Project.

(a) Before using any income it may derive from the Project for any other purpose, Borrower shall first apply all such income to pay costs and expenses associated with the ownership, management, maintenance, operation and leasing of the Project, including any amounts then due and payable under the Loan Documents.

(b) [reserved].

Section 3.18. Performance of Acts. Upon request by Bondowner Representative, Borrower shall perform all acts which may be reasonably necessary or advisable to perfect any lien or security interest provided for in the Loan Documents or to carry out the intent of the Loan Documents.

Section 3.19. Indemnity Regarding Construction and Other Risks.

(a) Without limiting the indemnity provided in Article VII hereof or in the Regulatory Agreement and except to the extent caused by the gross negligence or willful misconduct of any of the Indemnified Parties, Borrower indemnifies and holds the Indemnified Parties (as defined below) harmless from and against any and all Indemnified Costs (as defined below) directly or indirectly arising out of or resulting from the transactions contemplated by this Agreement (including any claims for any brokerage fee, finder's fee, or similar fee) and construction of any improvements on the Project, including any defective workmanship or materials; or any failure to satisfy any requirements of any laws, regulations, ordinances, governmental policies or standards, reports, leases or development agreements that apply or pertain to any construction on the Project; or any failure to satisfy any Requirements; or Bondowner Representative's performance of any act permitted under the Loan Documents (excluding Bondowner Representative's gross negligence or willful misconduct); or breach of any representation or warranty made or given by Borrower to any of the Indemnified Parties or to any prospective or actual buyer or lessee of all or any portion of the Project; or any claim or cause of action of any kind by any party that any Indemnified Party is liable for any act or omission of Borrower or any other person or entity in connection with the ownership, sale, leasing, construction, operation or development of the Project.

(b) Upon demand by any Indemnified Party, Borrower shall defend any investigation, action or proceeding involving any Indemnified Costs which is brought or commenced against any Indemnified Party, whether alone or together with Borrower or any other person, all at Borrower's own cost and by counsel to be approved by the Indemnified Party in the exercise of its reasonable judgment. In connection therewith, Borrower shall pay for the cost and expense of any counsel hired or engaged by an Indemnified Party to protect its interest and/or to oversee any defense of the Indemnified Party by Borrower and its counsel. In the alternative, any Indemnified Party may elect to conduct its own defense at the expense of Borrower.

(c) "Indemnified Parties" means and includes the Trustee, Issuer and the Bondowner Representative, its parent, subsidiary and affiliated companies, assignees of any of Bondowner Representative's interest in the Loan or the Loan Documents, owners of other

interests in the Loan or the Loan Documents, any purchasers of the Project at any foreclosure sale or from Bondowner Representative or any of its affiliates, and the officers, directors, employees and agents of each of them.

(d) “Indemnified Costs” means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), including those incurred in connection with any investigation of site conditions or any remedial, removal or restoration work (whether of the Project or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources, but excluding any Costs (as defined in the Indemnity Agreement), which Costs are subject to payment as is set forth in the Indemnity Agreement. Borrower shall not settle or compromise a claim giving rise to liability on the part of an Indemnified Party without the approval of such Indemnified Party.

(e) Notwithstanding any provision to the contrary set forth in any Loan Document, to the fullest extent permitted by law, the obligations created by this section shall survive repayment of the Loan and foreclosure of the Mortgage or deed in lieu thereof. Following such repayment or foreclosure, all obligations of Borrower under this section shall be unsecured obligations of Borrower to the extent they are either unknown or unliquidated at the time of such repayment or foreclosure.

Section 3.20. Operation of the Project. Borrower shall at all times operate on the Project an affordable housing apartment rental facility in compliance with all Requirements.

Section 3.21. Preservation of Existence. Borrower shall preserve and maintain its existence, and all material licenses, rights, franchises and privileges in the jurisdiction of its formation and all authorizations, consents, approvals, orders, licenses, permits, or exemptions from, or registrations with, any governmental agency that are necessary for the transaction of its business, including all notices, permits or licenses, if any, filed or obtained with regard to compliance with environmental laws, and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of its business or the ownership or leasing of its properties, including the Project.

Section 3.22. Low Income Housing Tax Credits. Borrower shall perform all actions and shall meet all requirements necessary or desirable to maintain the allocation of LIHTCs to it.

Section 3.23. State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable State laws relating to the Bond and the Project.

Section 3.24. Management Agreement and Management Plan. Any management company for the Project, and the management agreement with such management company shall be subject to the prior written approval of Bondowner Representative. The management agreement shall not be amended, modified, supplemented, terminated or canceled without the prior written approval of Bondowner Representative, which approval shall not be unreasonably

withheld. Borrower shall obtain Bondowner Representative's approval of Borrower's management plan for the Project, which plan shall provide for training of the on-site staff in full compliance with federal, state and local affordable housing requirements applicable to the Project.

Section 3.25. Bondowner Representative's Approval of Junior Draw Requests. If Borrower is obligated to expend Permitted Encumbrance funds for construction of the Facility, information and materials furnished by Borrower to the holder of any Permitted Encumbrance shall also be furnished to Bondowner Representative concurrently therewith for Bondowner Representative's review and approval, except as may otherwise be provided in an intercreditor agreement between Bondowner Representative and such holder.

Section 3.26. Security Interest in Accounts. Borrower hereby grants a security interest in the Equity Account, the NOI Account, Borrower's Funds Account, any Cash Collateral and the Checking Account, to the Bondowner Representative to secure all of Borrower's obligations under the Loan Documents.

Section 3.27. Disbursement of the Loan. Not less than 95% of all disbursements of the Loan comprised of proceeds of the Bond shall be used to pay or reimburse Borrower for Qualified Project Costs (as defined in the Regulatory Agreement), and no disbursements of the Loan comprised of proceeds of the Bond shall be used to pay for the acquisition of land or any interest therein. The amount expended for acquisition and construction (consisting of amounts chargeable to Borrower's capital account incurred in connection with the acquisition and construction of the Project) will exceed 95% of the proceeds of the Bond, all pursuant to Section 142(d) of the Code. Project construction from Loan Proceeds will be completed no later than three years after the date of Bond Closing.

Section 3.28. Payment of All Issuer Costs; Trustee Fees. Borrower agrees to pay Issuer's Fees and the Trustee's Ordinary Fees and Expenses at the time such fees are due, and to pay within 30 days after receipt of request for payment thereof, which request shall set forth the relevant expenses, all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Costs of Issuance paid at Closing), of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project. Borrower will also promptly pay all costs and expenses incurred by Issuer and/or Trustee in connection with the making, disbursement and administration of the Loan and the issuance and administration of the Bond, including, without limitation, the Extraordinary Fees and Expenses. Such costs and expenses shall be paid by Borrower in addition to Issuer's Fee and Trustee's Ordinary Fees and Expenses, which Borrower shall pay as and when required by the Indenture and this Agreement. Borrower agrees to pay all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee or the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due. Borrower will also pay the fees and expenses of any Arbitrage Consultant engaged with respect to the Bond, and will pay any amounts due and owing to the U.S. Treasury as rebate payments.

Section 3.29. No Purchase of Interest in Note or Bond. Borrower shall not, nor shall Borrower permit any Related Person to, pursuant to any arrangement, formal or informal, purchase any interest in the Note or the Bond.

Section 3.30. Note Payments, Issuer and Trustee Fees. Prior to and following the Permanent Loan Conversion Date, Borrower shall remit all Note payments representing principal, premium, if any, and interest on the Loan to Trustee. If any such amount is paid to Bondowner Representative, Bondowner Representative shall forward any such amounts received by Bondowner Representative to Trustee immediately. All amounts payable pursuant to Section 3.28 hereof shall, likewise, be paid directly to Trustee. Other amounts payable hereunder shall, unless otherwise directed by Issuer, be payable to or at the direction of Bondowner Representative as servicer of the Loan.

Section 3.31. Limited Partner's LIHTC Obligations. Investor Limited Partner's obligations to make capital contributions to Borrower in such amounts and at such times as set forth in the Partnership Agreement shall remain in full force and effect and free from default at all times. The Partnership Agreement shall not be materially amended or modified, or terminated, without Bondowner Representative's prior written consent, which consent shall not be unreasonably withheld or delayed.

Section 3.32. Letter Of Credit. As a condition of Closing, Borrower has delivered to Trustee an irrevocable letter of credit in form and substance satisfactory to Bondowner Representative and Issuer in the amount of \$[_____] issued by [_____] for the benefit of Trustee ("LOC"). The LOC shall be released upon the latest of (i) the issuance of the certificate of completion by the project architect of the construction of the Project pursuant to the Plans and Specifications and (ii) the payment of the final retention payable to contractors and subcontractors performing work in connection with the construction of the Project. If all or any portion of the proceeds of the LOC are drawn by Trustee such proceeds will be deposited by Trustee in the Project Fund of the Indenture pending disposition as described in the following sentence. LOC proceeds shall be available for requisition for costs of the Project unless and until construction of the Project is not completed on or before June 1, 2014. Following such a determination, if the Bond or a portion thereof becomes subject to redemption, LOC proceeds shall be available, together with other funds held under the Indenture, to fund such redemption.

Section 3.33. [Reserved].

ARTICLE IV

LEASES

Section 4.01. Standard Form Lease. Borrower shall submit to Bondowner Representative for its written approval a standard form of residential lease to be used for leasing of the Project, a copy of which is attached as Exhibit G hereto (the "Standard Lease"). The Standard Lease shall comply with all applicable Requirements. Borrower shall revise the Standard Lease from time to time as reasonably necessary to comply with any change in the Requirements and shall promptly furnish to Bondowner Representative a copy of the revised Standard Lease.

Section 4.02. Pro-Forma Schedules. Borrower shall also submit for Bondowner Representative's written approval pro forma schedules which are attached hereto as Exhibit F (the "Pro Forma Schedules") stating substantially the following information and projections:

(a) A listing of the rental rates for each apartment (including the maximum rental rate permitted by the Requirements). Such listing shall break out units by bedroom and bathroom count, and by unit square footage, as well as by affordability levels. The listing shall provide the maximum rent, the utility allowance, and the net rent for each unit type. The listing shall be in a similar format, with substantially the same information, as provided in the income information section of the Low-Income Housing Tax Credit Application. The listing shall also address the rental information regarding the market rate units and the managers' units. Rental rates should be adjusted to an effective rent, if necessary, to be net of any rental concessions in the form of free rent.

(b) A breakdown of the calculation of the utility allowances in a format similar to that provided in the Low-Income Housing Tax Credit Application.

(c) A calculation of total annual potential gross income similar to that provided in the Low-Income Housing Tax Credit Application. Such summary shall include: aggregate annual rent for all units; total projected annual rental subsidy; and a breakdown of income from laundry facilities, garages, and other income. Commercial income, if any, shall be addressed separately.

(d) A detailed breakdown of the annual residential operating expenses, including annual replacement reserves. Commercial expenses, if any, shall be addressed separately.

(e) A 15-year stabilized cash flow for income and expenses, noting date of stabilization, and including debt service and a debt service coverage ratio for each year.

(f) If the Project is not yet stabilized at rates complying with the Requirements, a monthly lease-up schedule through the projected date of stabilization.

Section 4.03. Leasing Program. Borrower shall submit to Bondowner Representative for its written approval Borrower's initial narrative leasing program for the marketing and leasing of the Project, with a budget for the marketing and advertising costs necessary to achieve stabilized occupancy, a copy of which shall be attached as Exhibit J hereto (the "Leasing Program"). Borrower shall update and revise the Leasing Program from time to time, subject to the approval of Bondowner Representative and, as may be necessary or desirable to respond to or anticipate any market or other conditions, provided that at all times Borrower shall have in place and shall implement a modified Leasing Program sufficient to ensure the full repayment of the Loan on or before the maturity of the Loan.

Section 4.04. No Changes. Borrower shall not materially modify the approved Standard Lease or adversely deviate from the approved Pro Forma Schedules or the Leasing Program without Bondowner Representative's prior written consent in each instance, which consent shall not be unreasonably withheld.

Section 4.05. Landlord's Obligations. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Project. If any tenant at any time claims any breach of landlord's obligations and the

amount of such claim (in excess of available insurance coverage) is \$10,000 or more, Borrower shall promptly notify Bondowner Representative and Issuer of such claim.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrower promises that each representation and warranty set forth below is true, accurate and correct in all material respects as of the date of this Agreement. Each Disbursement Request, as defined in Exhibit F, shall be deemed to be a reaffirmation of each and every representation and warranty made by Borrower in this Agreement. The Conversion Notice (as defined in the Note) and the conversion of the Loan on the Permanent Loan Conversion Date, respectively, shall also be deemed to be a reaffirmation, as of such dates, of each and every representation and warranty made by Borrower in this Agreement.

Section 5.01. Authority. To the best of Borrower's knowledge, Borrower has complied with any and all laws and regulations concerning its organization, existence and the transaction of its business. Borrower has the right and power to acquire and construct the Project as contemplated in the Loan Documents.

Section 5.02. Compliance. Borrower is familiar and has complied with all of the Requirements, as well as all other applicable laws, regulations and ordinances relating to the Project. Borrower has properly obtained, or will when necessary for purposes of this Agreement obtain, all permits, licenses and approvals necessary to construct, occupy, operate, market and lease or sell the Project in accordance with all Requirements, including those pertaining to zoning, and, upon request, Borrower will deliver true and correct copies of them to Bondowner Representative.

Section 5.03. Enforceability. Borrower is authorized to execute, deliver and perform under the Loan Documents. Those documents are valid and binding obligations of Borrower.

Section 5.04. No Violation. To the best of Borrower's knowledge, Borrower is not in violation of any provision of the Loan Documents or of any law, regulation or ordinance, or any order of any court of government entity. To the best of Borrower's knowledge, no provision or obligation of Borrower contained in any of the Loan Documents violates any of the Requirements, any other applicable law, regulation or ordinance, or any order or ruling of any court or governmental entity. No such provision or obligation conflicts with, or constitutes a breach or default under, any agreement binding or regulating the Project.

Section 5.05. No Claims. There are no claims, actions, proceedings or investigations pending against Borrower or affecting the Project except for those previously disclosed by Borrower to Bondowner Representative in writing. To the best of Borrower's knowledge, there has been no threat of any such claim, action, proceeding or investigation, except for those previously disclosed by Borrower to Bondowner Representative in writing.

Section 5.06. Financial Information. All financial information which has been and will be delivered to Bondowner Representative or Issuer, including all information relating to the financial condition of Borrower or any of Borrower's partners or the Project, fairly and

accurately represents the financial condition being reported on as of its date. All such information was prepared in accordance with generally accepted accounting principles consistently applied, unless otherwise noted. There has been no material adverse change in any financial condition reported at any time to Bondowner Representative

Section 5.07. Accuracy. To the best of Borrower’s knowledge, all reports, documents, instruments, information and forms of evidence which have been delivered to Bondowner Representative concerning the Loan or required by the Loan Documents are materially accurate, correct and sufficiently complete to give Bondowner Representative and Issuer true and accurate knowledge of their subject matter. To the best of Borrower’s knowledge, none of them contains any material misrepresentation or omission.

Section 5.08. Loan in Balance; Adequacy of Loan. The Loan is “in balance” and the disbursed Loan funds, together with any sums provided or to be provided by Borrower as shown in the cost breakdown, are sufficient, in view of all facts and circumstances known to or reasonably foreseeable by Borrower, to acquire and construct the Project and to accomplish the purposes contemplated by the Loan Documents.

Section 5.09. Taxes. Borrower has filed all required state, federal and local income tax returns and has paid all taxes which are due and payable. Borrower knows of no basis for any additional assessment of taxes.

Section 5.10. Utilities. All utility services, including gas, water, sewage, electrical and telephone, which are necessary to develop and occupy the Project, are available at or within the boundaries of the Project. In the alternative, Borrower has taken all steps necessary to assure that all utility services will be available upon completion of the Project.

Section 5.11. Borrower Not a “Foreign Person”. Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Code.

Section 5.12. Indenture. The Indenture has been submitted to Borrower for its examination, and Borrower acknowledges, by execution of this Agreement, that it has reviewed the Indenture and that it accepts each of its obligations expressed or implied thereunder. The Borrower will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Indenture to perform. The foregoing will not apply to any duty or undertaking of the Issuer, which by its nature cannot be delegated or assigned.

Section 5.13. Regulatory Agreement. The Project is, and will be, in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code (as such terms are defined in the Regulatory Agreement). Borrower shall cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act and the Code. All leases will comply with all applicable laws and the Regulatory Agreement. The Project, when completed, will meet the requirements of this Agreement and the Regulatory Agreement and any applicable requirements of the Law, the Act and the Code.

Section 5.14. No Reliance on Issuer or Bondowner Representative. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer or the Bondowner Representative is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer or the Bondowner Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement or otherwise relied on Issuer or the Bondowner Representative in any manner.

Section 5.15. Average Life. The average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the facilities to be financed with the proceeds of the Loan.

Section 5.16. Interest in the Project. Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell.

Section 5.17. Location. The Project is currently located wholly within the County of Los Angeles, California.

Section 5.18. Use of Loan Proceeds. All of the proceeds of the Loan shall be used to finance the acquisition and construction of the Project, provided that (a) at least 95% of the proceeds of the Loan financed with proceeds of the Bond shall be used to finance Qualified Project Costs (as defined in the Regulatory Agreement) and (b) none of the proceeds of the Loan financed with proceeds of the Bond shall be used, directly or indirectly, for the acquisition of land or any interest therein. No proceeds of the Loan financed with proceeds of the Series Bond will be used to pay or reimburse any cost (i) incurred more than sixty days prior to the Inducement Date (as defined in the Regulatory Agreement), (ii) incurred more than 18 months prior to the later of the date of such payment or reimbursement or the date the Project is placed in service or (iii) incurred more than three years prior to such payment or reimbursement. The construction and equipping of the Project by Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither Borrower nor any related person had made any expenditure in connection with the construction or equipping of the Project, (B) no on-site work had been commenced by Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project had been commenced by Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

Borrower has incurred, or shall incur within six months following the date of issuance of the Bond, a substantial binding obligation in the form of a purchase agreement or construction contract or both to acquire, construct or equip the Project pursuant to which Borrower is or will be obligated to expend not less than 5% of the principal amount of the Bond. Borrower shall proceed with due diligence to complete the Project and reasonably expects to expend the full amount of the Loan by no later than three years after the date of Bond Closing.

Section 5.19. Changes to the Project. Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Law or the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bond. Borrower intends to utilize the Project as required by the Regulatory Agreement.

Section 5.20. Cost of Issuance. Not in excess of 2% of the proceeds of the Loan financed with proceeds of the Bond will be used to pay Costs of Issuance (as defined in the Indenture).

Section 5.21. Related Parties. Borrower has contacted all “related persons” thereof (within the meaning of Section 147(a) of the Code); and neither it nor any of them shall, at any time, pursuant to any arrangement, formal or informal, acquire any interest in the Bond.

Section 5.22. Other Tax Covenants.

(a) **General.** Issuer and Borrower have entered into this Agreement with the intention that the interest on the Bond be and remain excluded from gross income for federal income tax purposes. Accordingly, for the benefit of Issuer and the Bondholder, Borrower covenants that it will not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Loan, which would cause the interest on the Bond to be or become includable in the gross income of the owner thereof for federal income tax purposes.

(b) **Closing Certificates.** Borrower recognizes that certain of the facts, estimates and circumstances required to be set forth in the arbitrage certificate and other instruments of Issuer to be delivered in connection with the issuance of the Bond, including form 8038, will be based upon the representations of Borrower in the Tax Certificate and elsewhere. Borrower covenants that any facts, estimates and circumstances set forth or described in any certificate delivered by Borrower on the date of issuance of the Bond will be based on Borrower’s reasonable expectations on the date of issuance of the Bond and will be, to the best of the knowledge of the representative of Borrower furnishing such facts, estimates and circumstances, true, correct and complete as of that date, and Borrower hereby agrees to make or cause to be made reasonable inquiries to insure such truth, correctness and completeness.

(c) **Investments.** Borrower covenants and agrees that it will not use or permit the use of any of the funds provided by Issuer hereunder or any other funds of Borrower, directly or indirectly, or direct Bondowner Representative to invest any funds held by it hereunder (including investment of Borrower’s Sources and amounts in Borrower’s Funds Account), in such manner as would, or take or omit to take any other action that would cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder. Borrower understands that this limitation may apply to funds held as collateral provided to Bondowner Representative, Trustee or the Bondholder as security for the repayment of the Loan.

In the event that at any time Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 5.22(c) it is necessary to restrict or to limit the yield on the

investment of any moneys held by Bondowner Representative in Borrower's Funds Account or any other account described in Section 2.02 hereof, Borrower shall determine the limitations and so instruct Bondowner Representative in writing (with a copy to Issuer) and cause Bondowner Representative to comply with those limitations.

Borrower will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel (as defined in the Regulatory Agreement), or of which it otherwise becomes aware, to comply fully with Section 148 of the Code, including, but not limited to, Section 148(d)(3) of the Code regarding investment of gross proceeds of the Bond in investments with a yield in excess of the yield on the Bond.

(d) ***Federal Guaranty.*** Borrower shall take no action or permit or suffer any action to be taken if the result of the same would be to cause the Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) ***[Reserved].***

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

Section 5.23. No Condemnation. There is not now pending, and Borrower has not received notice of, any actual or proposed condemnation or taking for public or private use affecting all or any portion of the Project or any interest in it.

Section 5.24. Borrower's Uniform Commercial Code Location. Borrower is a limited partnership organized under the laws of the State of California, and will not change its form and place of organization without first notifying Bondowner Representative in writing.

Section 5.25. [Reserved].

Section 5.26. Issuer's Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State. The Issuer has authorized the execution and delivery of this Loan Agreement and the Indenture.

(b) The Issuer has determined that the Loan will further the purposes of the Act and will serve the public purposes of the Act referenced in the Resolution.

(c) The Issuer has full power and authority to consummate all transactions contemplated by this Loan Agreement, the Bond and the Indenture and any and all other agreements relating thereto.

(d) The Issuer will not knowingly take or permit to be taken any action that would adversely affect the excludability from gross income, for federal income tax purposes, of the interest payable on the Bond.

(e) To the knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation active, pending or threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any official of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bond; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bond; (iv) questions the exclusion from gross income for federal income tax taxation of interest on the Bond; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bond or to carry out the transactions contemplated by any of the Issuer Documents or the Bond.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Events of Default. Borrower will be in default under this Agreement upon the occurrence of any one or more of the following events (“Events of Default”):

(a) Borrower fails to make any payment of principal or interest under the Note within 5 days after the date when such payment is due;

(b) Borrower fails to make any deposit of funds within 5 days after the date when such deposit is due or if demanded by Bondowner Representative under this Agreement within 5 days after Bondowner Representative’s demand;

(c) Borrower fails to comply with any other covenant contained in this Agreement which calls for the payment of money and does not cure that failure within 5 days after written notice from Bondowner Representative;

(d) Borrower or any of its general partners becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships which remains undismissed or unstayed for a period of 60 days (“Act of Bankruptcy”);

(e) Borrower dissolves, terminates or liquidates;

(f) [Reserved];

(g) Borrower is in default under the Mortgage, following the expiration of any applicable cure period in the Mortgage;

(h) any representation or warranty made or given in any of the Loan Documents proves to be false or misleading in any material respect as of the date made or given;

(i) construction of the Project is abandoned for a period of 15 consecutive days for any cause which is not beyond the reasonable control of Borrower or any of its contractors or subcontractors or is not completed on or before the Completion Date;

(j) construction of the Project is halted prior to completion for any period of 15 consecutive days for any cause which is not beyond the reasonable control of Borrower or any of its contractors or subcontractors;

(k) any governmental, judicial or legal authority having jurisdiction over the Project orders or requires that construction of the Project be stopped in whole or in part or any required approval, license or permit is withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect either (i) for a period of 30 consecutive days (“Initial Cure Period”) or (ii) for a total period of 90 days, so long as Borrower begins within the Initial Cure Period and diligently continues to take steps to remove the effect of the order, requirement, withdrawal or suspension, and Bondowner Representative, exercising reasonable judgment, determines that Borrower is reasonably likely to prevail;

(l) Borrower is in default under any contract for the construction of the Project or any lease of any part of the Project or any space within the Project, either (i) for an Initial Cure Period of 30 consecutive days or (ii) for a total period of 90 days, so long as Borrower begins within the Initial Cure Period and diligently continues to cure the default, and Bondowner Representative, exercising reasonable judgment, determines that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period;

(m) Borrower fails to comply with any provision contained in this Agreement other than those provisions elsewhere referred to in this Section 6.01 and does not cure that failure either (i) within an Initial Cure Period of 30 consecutive days after written notice from Bondowner Representative or (ii) within 90 days after such written notice, so long as Borrower begins within the Initial Cure Period and diligently continues to cure the failure, and Bondowner Representative, exercising reasonable judgment, determines that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period;

(n) under any of the Loan Documents, an Event of Default (as defined in that document) occurs;

(o) an “Event of Default” occurs under the Regulatory Agreement;

(p) a determination by the Bondowner Representative in its reasonable judgment that there has been a material adverse change in Borrower’s financial condition; or

(q) the occurrence of a Determination of Taxability.

The Bondowner Representative hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower’s limited partners on behalf of the Borrower within the same time periods provided in this Section 6.01 plus an additional 30 days after the expiration of such time periods. Copies of all notices which are sent to Borrower under the terms of this Agreement shall also be sent to Bocarsly Emden Cowan Esmail & Arndt LLP 633 W. 5th Street, 70th Floor, Los Angeles, CA 90071, Attention: Kyle Arndt; R4 Capital Group Inc., 38

Chauncy Street, Suite 600, Boston, MA 02111, Attention: Richard Coomber; R4 Capital Group Inc., 780 Third Avenue, 10th Floor, New York, NY 10017, Attention: Asset Management Bank; Nara Bank, 2727 West Olympic Blvd., Suite 213, Los Angeles, CA 90006, Attention: Mr. Hassan Bouayad; and Paul Hastings, LLP, 25th Floor, 515 South Flower Street, Los Angeles, CA 90071, Attention: Kenneth Krug, Esq.

Section 6.02. Remedies. If an Event of Default occurs under this Agreement, Bondowner Representative may direct Trustee, as assignee of the rights of Issuer hereunder, to exercise any right or remedy which Issuer has under any of the Loan Documents, or which is otherwise available at law or in equity or by statute, and all of such rights and remedies shall be cumulative. Trustee shall take such actions hereunder and under the Loan Documents as directed in writing by Bondowner Representative. If any Event of Default occurs, Bondholder's obligation to lend under the Loan Documents shall automatically terminate and Bondowner Representative may, in its sole discretion, withhold any one or more disbursements. Bondowner Representative may also withhold any one or more disbursements after an event occurs that with notice or the passage of time could become an Event of Default under this Agreement. No disbursement of Loan funds by Bondholder shall cure any default of Borrower, unless Bondowner Representative agrees otherwise in writing in each instance. Bondowner Representative may, upon the occurrence of an event of default hereunder or under the Mortgage, instruct the Trustee to redeem the Bond pursuant to Section 3.01(g) of the Indenture.

Notwithstanding anything to the contrary contained in the Indenture, this Agreement or any of the other Loan Documents, Bondowner Representative has the right to act on behalf of Issuer and Trustee by taking any action which Bondowner Representative, in its good faith discretion, deems prudent in order to enforce any right or remedy of Issuer or Trustee under the Loan Documents, provided that such action shall not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

If Borrower commits an Act of Bankruptcy, all of Borrower's obligations under the Loan Documents shall automatically become immediately due and payable upon the filing of the petition commencing such proceeding, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. Upon the occurrence of any other Event of Default, all of Borrower's obligations under the Loan Documents may become immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all at Lender's option, exercisable in its sole discretion. If such acceleration occurs, Bondowner Representative may apply the undisbursed Loan funds, and any other available Borrower's Sources to the obligations of Borrower under the Loan Documents, in any order and proportions that Bondowner Representative in its sole discretion may choose, subject to the requirements of the Indenture with respect to the application of Bond proceeds.

Also upon any Event of Default, Bondowner Representative shall have the right, as servicer of the Loan and on behalf of Trustee to cause to be recorded a notice of default under the Mortgage, to enter and take possession of the Project, whether in person, by agent or by court-appointed receiver, to take any and all actions which Bondowner Representative in its sole discretion may consider necessary to complete construction of the Project, including making

changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to Bondowner Representative's right at any time to discontinue any work without liability and to exercise any and all rights and remedies of Issuer (except for Unassigned Issuer's Rights) under the Loan Documents in such order and to such extent as Bondowner Representative determines in its sole discretion. If Bondowner Representative chooses to complete the Project, it shall not assume any liability to Borrower or any other person for completing the Project, or for the manner or quality of construction of the Project, and Borrower expressly waives any such liability. If Bondowner Representative or Trustee exercises any of the rights or remedies provided in this paragraph, that exercise alone shall not make Bondowner Representative or Trustee, or cause Bondowner Representative to be deemed to be, a partner or joint venturer of Borrower. Bondowner Representative in its sole discretion may choose to complete construction in its own name. All sums which are expended by Bondowner Representative in completing construction shall be considered to have been disbursed to Borrower on behalf of Issuer and shall be secured by the Mortgage and any other collateral held by Issuer, Trustee or Bondowner Representative in connection with the Loan; any sums of principal shall be considered to be an additional loan to Borrower bearing interest at the Default Rate, as defined in the Note, and shall be secured by the Mortgage and any other collateral held in connection with the Loan. For these purposes, Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the cost breakdown.

ARTICLE VII

INDEMNIFICATION; BORROWER'S OBLIGATIONS

To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, its governing body and the members thereof, the Bondowner Representative, the Servicer and the Trustee and each of their respective officers, directors, governing board members, officials, employees, accountants, advisors, attorneys, consultants and agents, past, present and future (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Bond Documents, the Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Bond;

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or equipping of, the Project or any part thereof;

(c) Any lien (other than a permitted encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(e) The enforcement of, or any action taken by the Issuer, the Trustee or the Bondowner Representative related to remedies under, this Loan Agreement, the Indenture and the other Bond Documents;

(f) The defeasance and/or redemption, in whole or in part, of the Bond;

(g) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bond or any of the Bond Documents or Loan Documents to which the Borrower is a party, or any omission or alleged omission from any offering statement or document for the bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(h) Any declaration of taxability of interest on the Bond or allegations (or regulatory inquiry) that interest on the Bond is includable in gross income for federal income tax purposes; and;

(i) The Trustee's acceptance or administration of the trust of the Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its powers or duties thereunder or under any of the Bond Documents or Loan Documents to which it is a party;

except (a) in the case of the foregoing indemnification of (1) the Bondowner Representative or any servicer of the Loan or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, or (2) in the case of the Trustee or any related Indemnified Party, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bond or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (b) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own bad faith, fraud or willful misconduct. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved

by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation, or if, in the case of the Issuer, it makes a reasonable judgment that a competent attorney has not been appointed.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Article if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer, the Trustee and the Bondowner Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee, servicer or Bondowner Representative, as applicable, any resignation or removal. The provisions of this Article shall survive the termination of this Loan Agreement. Nothing within this Article shall limit the rights of each Indemnified Party to indemnity under the Regulatory Agreement.

Nothing in this Article VII shall in any way limit the Borrower's indemnification and other payment obligation set forth in the Regulatory Agreement.

ARTICLE VIII

BONDOWNER REPRESENTATIVE AS SERVICER

Bondowner Representative may, in the exercise of its sole discretion, cause some or all of its rights and responsibilities with respect to the disbursement procedures set forth in Article II to be performed by a professional disbursement agent ("Disbursement Agent"). Issuer and Borrower hereby approve Tetra Tech, Inc. or such other Disbursement Agent selected by the Bondowner Representative as Bondowner Representative's Disbursement Agent. All reasonable fees payable to Tetra Tech, Inc. or such other Disbursement Agent selected by Bondowner Representative in connection with the Loan shall be payable by Borrower as part of the costs of the Loan. If Bondowner Representative elects to utilize the services of a Disbursement Agent, the Checking Account referred to herein shall be a checking account of Disbursement Agent at Bondowner Representative and Disbursement Agent shall be responsible for delivering checks from the Checking Account to each payee set forth in an approved Draw Request.

ARTICLE IX

MISCELLANEOUS

Section 9.01. No Waiver; Consents. Each waiver by Bondowner Representative must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from Bondowner Representative's delay in exercising or failure to exercise any right or remedy against Borrower or any security. Consent by Bondowner Representative to any act or omission by Borrower shall not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for Bondowner Representative's consent to be obtained in any future or other instance. All rights and remedies of Bondowner Representative are cumulative.

Section 9.02. Purpose and Effect of Bondowner Representative Approval. Bondowner Representative's approval of any matter in connection with the Loan shall be for the sole purpose of protecting Bondowner's security and rights. No such approval shall result in a waiver of any default of Borrower. In no event shall Bondowner Representative's approval be a representation of any kind with regard to the matter being approved.

Section 9.03. No Commitment To Increase Loan. From time to time, Bondowner Representative may approve changes to the Plans and Specification at Borrower's request and may also require Borrower to make corrections to the work of construction, all on and subject to the terms and conditions of this Agreement. Borrower acknowledges that no such action or other action by Bondowner Representative shall in any manner commit or obligate Lender to increase the amount of the Loan.

Section 9.04. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of Issuer, the Bondholder and Borrower and their permitted successors and assigns. No trust fund is created by this Agreement and no other persons or entities shall have any right of action under this Agreement or any right to the Loan funds.

Section 9.05. Joint and Several Liability. If Borrower consists of more than one person or entity, each shall be jointly and severally liable to Issuer and Bondowner Representative for the faithful performance of this Agreement.

Section 9.06. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier (such as FedEx), sent to the party at its address appearing in Section 12.04 of the Indenture. Notices shall be effective upon receipt or when proper delivery is refused. Addresses for notice may be changed by either party by notice to the other party in accordance with this Section 9.06.

Borrower hereby agrees to provide Issuer with a copy of any notice given to Bondowner Representative.

Section 9.07. Authority To File Notices. Borrower irrevocably appoints Bondowner Representative as its attorney-in-fact, with full power of substitution, to file for record, at Borrower's cost and expense and in Borrower's name, any notices of completion, notices of

cessation of labor, or any other notices that Bondowner Representative, in its sole discretion, may consider necessary or desirable to protect its security, if Borrower fails to do so.

Section 9.08. Actions. Bondowner Representative, in its capacity as servicer of the Loan, shall have the right, but not the obligation, to commence, appear in and defend any action or proceeding which might affect its security or its rights, duties or liabilities relating to the Loan, the Project or any of Bondowner Representative's Loan Documents. Borrower shall pay promptly on demand all of Bondowner Representative's reasonable out-of-pocket costs, expenses and legal fees and expenses of Bondowner Representative's counsel incurred in those actions or proceedings.

Section 9.09. Attorneys' Fees. If any lawsuit, reference or arbitration is commenced which arises out of or relates to this Agreement, the Loan Documents or the Loan, except in the case of any lawsuit, reference or arbitration involving Issuer, as to which the following provisions shall not apply, the prevailing party shall be entitled to recover from each other party such sums as the court, referee or arbitrator may adjudge to be reasonable attorneys' fees in the action, reference or arbitration, in addition to costs and expenses otherwise allowed by law. In all other situations, including any matter arising out of or relating to any Act of Bankruptcy, Borrower agrees to pay all of Bondowner Representative's, Issuer's or Trustee's costs and expenses, including reasonable attorneys' fees, which may be incurred in enforcing or protecting Bondowner Representative's, Issuer's or Trustee's rights or interests. From the time(s) incurred until paid in full to Bondowner Representative, all such sums shall bear interest at the Default Rate.

Section 9.10. In-house Counsel Fees. Whenever Borrower is obligated to pay or reimburse Bondowner Representative for any reasonable attorneys' fees, those fees shall include the allocated costs for services of in-house counsel.

Section 9.11. Incorporation of Tax Certificate. The representations of Borrower set forth in the Tax Certificate dated the Dated Date are incorporated by reference herein as if fully set forth herein.

Section 9.12. Loss of Tax Exclusion. Borrower understands that the interest rates provided under this Agreement and the Note are based on the assumption that interest income paid on the Bond and received by Bondholder will be excludable from Bondholder's gross income under Section 103 of the Code and is exempt from personal income taxation under applicable State law. In the event that (a) Borrower receives notice from Bondowner Representative that Bondowner Representative has discovered any facts, actions or failure to act by Borrower that would cause the interest on the Bond not to be treated as tax-exempt, or (b) Bondowner Representative receives notice from the Internal Revenue Service or other government agency that interest payable on the Bond is not excludable from the gross income of the owner thereof for federal income tax purposes, or that the Internal Revenue Service is challenging the tax-exempt status of the Bond, then the interest rate on the Note shall be changed to the Default Rate (as that term is defined in the Indenture), subject to any applicable limitations on the interest rates under the Act or applicable law. In certain circumstances upon the election of Borrower and the Bondowner Representative, the interest rate on the Note shall be changed to the Taxable Rate (as defined in the Indenture).

In the event of a Determination of Taxability, Borrower shall have fifteen days from the date of receipt of notice thereof to elect to have the interest rate on the entire principal amount of the Note changed to the Taxable Rate effective on the date of Determination of Taxability.

If, within 180 days following the date of the conversion of interest hereunder to the Taxable Rate, Borrower delivers to Bondowner Representative evidence satisfactory to Bondowner Representative that interest on the Bond is excludable from the gross income of the owner thereof for federal income tax purposes (which may consist of an opinion of bond counsel from a law firm in form and substance acceptable to Bondowner Representative and Issuer to such effect), Bondowner Representative, on behalf of the Bondholder, will promptly refund to Borrower an amount equal to the difference between the interest actually paid at the Taxable Rate and the interest which would have been payable hereunder in the absence of a conversion of the interest rate on the Bond to the Taxable Rate plus interest on such amount at the Taxable Rate.

Any increase in the interest rate pursuant to this Section 9.12 will operate both prospectively and retroactively to the date upon which interest on the Bond becomes (or is stated by the Internal Revenue Service to have become) includable in the gross income of the owner thereof for federal income tax purposes, and Borrower shall pay to Bondowner Representative, for the benefit of Bondholders, promptly upon demand any interest due. Borrower shall also indemnify, defend and hold Bondholder and Issuer harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all allocated charges of internal counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bond and the interest payable thereunder. The obligations of Borrower under this paragraph shall survive termination of this Agreement and repayment of the Loan.

Section 9.13. Tax Status. Borrower agrees as follows:

(a) that Borrower will not take or permit any action to be taken that would adversely affect either the exclusion from gross income for federal income tax purposes of the interest on the Bond and, if it should take or permit any such action, Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and

(b) that Borrower will take such action or actions, including amending this Agreement and the Note, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code. Borrower further acknowledges that all investments of moneys in Borrower's Funds Account must be made in compliance with the Code and regulations thereunder. Borrower agrees to calculate and pay any amounts owing to the United States as rebate applicable to the Loan, the Bond, this Agreement or the Indenture, in accordance with Section 148 of the Code.

Section 9.14. Applicable Law. This Agreement is governed by the laws of the State of California, without regard to the choice of law rules of that State.

Section 9.15. Heirs, Successors and Assigns; Participations. The terms of this Agreement shall bind and benefit the heirs, legal representatives, successors and assigns of the parties; provided, however, that Borrower may not assign this Agreement or any Loan funds, or assign or delegate any of its rights or obligations, without the prior written consent of Issuer and Bondowner Representative in each instance. Borrower acknowledges that Issuer has absolutely assigned all of its right, title and interest in this Agreement (except for Unassigned Issuer's Rights) and the other Loan Documents to Trustee for the benefit of the Bondholder and that Trustee may assign its rights under the Loan Documents to the Bondholder subject to the provisions thereof. Without notice to or the consent of Borrower, Bondholder may disclose to any actual or prospective purchaser of any securities issued or to be issued by Bondholder, and to any actual or prospective purchaser or assignee of any participation or other interest in the Loan or the Bond, any financial or other information, data or material in Bondholder's possession relating to Borrower, the Loan, the Bond or the Project.

Section 9.16. Relationships With Other Borrower's Customers. From time to time, Bondowner Representative or Bondholder may have business relationships with Borrower's customers, suppliers, contractors, tenants, members, partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower or with persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Bondowner Representative and Bondholder may extend credit to such parties and may take any action it may deem necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower's financial condition or operations. Borrower further agrees that in no event shall Bondowner Representative and Bondholder be obligated to disclose to Borrower any information concerning any other Bondowner Representative and Bondholder.

Section 9.17. Disclosure to Title Company. Without notice to or the consent of Borrower, Bondowner Representative may disclose to any title insurance company which insures any interest of Trustee, Issuer or Bondholder under the Mortgage (whether as primary insurer, coinsurer or reinsurer) any information, data or material in Bondowner Representative's possession relating to Borrower, the Loan or the Project.

Section 9.18. Improvement District. Borrower shall not vote in favor of, or directly or indirectly, advocate or assist in the incorporation of any part of the Project into any improvement or community facilities district, special assessment district or other district without Bondowner Representative's prior written consent in each instance.

Section 9.19. Restriction on Personal Property. Borrower shall not sell, convey or otherwise transfer or dispose of its interest in any material personal property in which Trustee, Issuer or Bondholder has a security interest or contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance unless such item is a fungible tenant improvement (e.g., carpet, appliances, plumbing fixtures) which is replaced by property of comparable or better value and quality. Bondowner Representative's prior written consent shall be required for any material changes to any structural or operational components of the Project, such as elevators, air conditioning or security systems, and the like.

Section 9.20. Force Majeure. If the construction of the Project is directly affected and delayed by fire, earthquake or other acts of God, inclement weather which could not reasonably

be anticipated by Borrower, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor, Borrower must notify Bondowner Representative in writing within ten (10) business days after the event occurs which causes the delay. So long as no Event of Default has occurred and is continuing and such notice is given in a timely manner, Bondowner Representative shall extend by a period of time equal to the period of the delay only those time periods stated in the Completion Schedule for completing construction which is directly affected and delayed by the event, provided that the aggregate time extension for all delays shall not exceed a total of ninety (90) days, and provided further that (i) no extension shall be given for any delay caused by an event, occurrence or condition which is within the reasonable control or anticipation of Borrower, Contractor, or any subcontractor, and (ii) Borrower shall undertake all reasonable efforts to resolve the delay and to minimize the effects of the delay on the work and progress of construction. No such extension shall affect the time for performance of, or otherwise modify, any of Borrower's other obligations under the Loan Documents or the maturity of the Note.

Section 9.21. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall in no way affect any other provision.

Section 9.22. Interpretation. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Agreement are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Agreement. Time is of the essence in the performance of this Agreement by Borrower. The exhibits to this Agreement are hereby incorporated in this Agreement.

Section 9.23. Amendments. This Agreement may not be modified or amended except by a written agreement signed by the parties hereto.

Section 9.24. Counterparts. This Agreement and any attached consents or exhibits requiring signatures may be executed in counterparts, and all counterparts shall constitute but one and the same document.

Section 9.25. Language of Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party.

Section 9.26. Recourse. Recourse for Borrowers obligations hereunder shall be determined pursuant to the Note.

Section 9.27. Integration and Relation to Loan Commitment. The Loan Documents (a) integrate all the terms and conditions mentioned in or incidental to this Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter, including Bondholder's loan commitment to Borrower and (c) are intended by the parties as the final expression of the agreement with respect to the terms and conditions set forth in those documents and as the complete and exclusive statement of the terms agreed to by the parties. No representation, understanding, promise or condition shall be enforceable against any party

unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any other Loan Document, the terms, conditions and provisions of this Agreement shall prevail.

Section 9.28. Estoppel Certificates. Upon written request of Borrower to Bondowner Representative, Bondowner Representative shall provide Borrower with an estoppel certificate regarding the lack of any Event of Default hereunder, if appropriate, and the amount of the principal balance of the Loan remaining unpaid as of the date of the estoppel, and in any event in a form acceptable to Bondowner Representative, as necessary to satisfy any obligation under Borrower's partnership agreement. Such statement shall be subject to the requirements of California Civil Code Section 2943 amended, and any successor law thereto.

Section 9.29. Time. Time shall be of the essence in the performance of this Agreement.

Section 9.30. Assignment of Issuer's Rights. As security for payment of the Bond, Issuer will pledge the amounts payable hereunder and assign, without recourse or liability, to Trustee, Issuer's rights under this Agreement and the Note, including the right to receive payments hereunder (but excluding Unassigned Issuer's Rights), and hereby directs Borrower to make said payments directly to Trustee, or otherwise upon the order of Trustee. Borrower herewith consents to such assignment and will make payments under this Agreement directly to Trustee, or otherwise to the order of Trustee without defense or set off by reason of any dispute between Borrower and Issuer, Trustee or the Bondholder.

Section 9.31. Limitation on Issuer's Liability. The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bond, except from moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Issuer or the County of Los Angeles is pledged to the payment of the principal (or redemption price) of or interest on the Bonds. Neither the Issuer nor the County of Los Angeles shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bond or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

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

party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 9.32. Waiver of Personal Liability. No past, present or future officer, employee or agent of the Issuer in his or her individual capacity shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bond or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 9.33. Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

Section 9.34. Americans With Disabilities Act. Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Borrower will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

[Remainder of page intentionally left blank]

The parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

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

By _____
Sean Rogan
Executive Director

Approved as to form:
ANDREA SHERIDAN ORDIN, County Counsel

Deputy

The parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

SLAUSON STATION APARTMENTS, L.P.,
a California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____

Name: Zoe Ellas

Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____

Name: Eugene Kim

Title: President

The parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

NARA BANK as Bondowner Representative

By _____
Hassan Bouayad, Senior Vice President

EXHIBIT A
PROMISSORY NOTE

EXHIBIT B
PROJECT PREMISES

EXHIBIT C
COMPLETION SCHEDULE

EXHIBIT D

LOAN DOCUMENTS

1. Credit and Security Documents
 - (a) Regulatory Agreement.
 - (b) Agreement.
 - (c) Note.
 - (d) [Reserved].
 - (e) Mortgage.
 - (f) Assignment of Rights.
 - (g) Financing Statement UCC-1.
 - (h) Assignment of Construction Contract.
 - (i) Assignment of Architecture Contract.
 - (j) Assignment of Engineering Contract.
 - (k) Replacement Reserve Agreement.
 - (l) Subordination Agreement.
 - (m) Operating Reserve Agreement.
 - (n) Operating Deficit Guaranty.
 - (o) [Reserved].
2. Guaranties and Indemnity
 - (a) Indemnity Agreement.
 - (b) Payment and Performance Guaranty by the Guarantor in favor of Trustee.
3. Evidence of Authority
 - (a) Partnership certificate authorizing Borrower to:
 - (i) borrow; and
 - (ii) execute the Loan Documents.
 - (b) Partnership certificate, limited liability company certificate or certified copy of corporate minutes for each general partner of Borrower authorizing the general partner as general partner of Borrower to:
 - (i) borrow; and
 - (ii) execute the Loan Documents.

EXHIBIT E

DISBURSEMENT SCHEDULE

1. Conditions to Disbursement

Before Bondowner Representative becomes obligated to make any disbursement under the Agreement, all conditions to the disbursement must be satisfied at Borrower's sole cost and expense in a manner acceptable to Bondowner Representative. Borrower acknowledges that delays in disbursements may result from the time necessary for Bondowner Representative to verify satisfactory fulfillment of any and all conditions to a given disbursement. Borrower consents to all such reasonable delays.

(a) Loan Closing

Bondowner Representative is not required to consent to closing the Loan until all conditions to such closing are satisfied in a manner acceptable to Bondowner Representative. If Bondowner Representative in its sole discretion allows the Loan to close before all of the following conditions are satisfied, the remaining conditions must be satisfied or expressly waived by Bondowner Representative before Bondowner Representative will make any disbursements of Borrower's Sources. The conditions to closing are as follows:

(1) Bondowner Representative must have received all Loan Documents duly executed and, where required, acknowledged.

(2) Bondowner Representative must have received evidence satisfactory to Bondowner Representative that Borrower's Sources, taking into account the amount and timing thereof, are sufficient to pay the Total Project Costs on a timely basis.

(3) The Mortgage must be duly recorded as a first priority encumbrance against the Project Premises and the adjacent property. If required by Bondowner Representative, Borrower and the holder of each Permitted Encumbrance must execute in recordable form a Subordination Agreement, in form and substance acceptable to Bondowner Representative ("Subordination Agreement"), to be recorded concurrently with the Mortgage.

(4) The security interest held by Issuer or the Trustee, as the case may be, in all fixtures and personal property covered by the Mortgage, and in all collateral covered by the Assignment of Rights or otherwise granted pursuant to the Agreement, must be a duly perfected first priority lien.

(5) A title insurer acceptable to Bondowner Representative must issue an ALTA 1970 Form loan policy of title insurance, including an LP10 package, in the amount of the Loan, insuring the Mortgage as a first priority encumbrance against the Project Premises, showing the Project Premises and any existing portions of the Facility to be vested in Borrower, subject only to exceptions consented to by Bondowner Representative in writing, together with such endorsements as Bondowner Representative may require. Bondowner Representative must have reviewed and approved a current ALTA survey of the Project Premises prepared at

Borrower's expense by a licensed surveyor acceptable to Bondowner Representative, certified to Bondowner Representative and the title insurance company.

(6) Borrower shall deliver to Bondowner Representative copies of or certificates acceptable to Bondowner Representative evidencing, all policies of insurance required pursuant to the Mortgage and Bondowner Representative's insurance requirements.

(7) The Initial Cost Breakdown attached to the Agreement as Exhibit D-1 must have been approved by Bondowner Representative.

(8) The Plans and Specifications must have been approved by Bondowner Representative and by all governmental authorities as needed for lawful construction of the Facility

(9) The Operating Reserve Account and the Checking Account must be opened with Bondowner Representative in accordance with Bondowner Representative's customary policies for the establishment of such accounts.

(10) All executed contracts and subcontracts with respect to the construction of the Facility must be acceptable to Bondowner Representative and be in full force and effect.

(11) Bondowner Representative must have received an environmental disclosure statement prepared and certified by Borrower using Bondowner Representative's prescribed form, and the information set forth in it must be acceptable to Bondowner Representative. If Bondowner Representative so requires, it must also receive a Phase I Report and (if applicable) a Phase II Report prepared by a consultant acceptable to Bondowner Representative stating that there are no Hazardous Substances, as defined in the Indemnity Agreement, present in, on, under or around the Project, and that there is no condition or circumstance which warrants further investigation or analysis in the opinion of the preparer of the report. Bondowner Representative shall also receive satisfactory evidence, if required, of the abatement, removal, disposal or correction of all unacceptable conditions identified in such reports, and Borrower must execute an operations and maintenance plan on Bondowner Representative's form or otherwise acceptable to Bondowner Representative if asbestos-containing materials or lead paint will continue to be present on the Project after abatement.

(12) Bondowner Representative's loan fees required pursuant to the Agreement must have been paid as set forth therein. Borrower shall have paid all of Bondowner Representative's costs and fees in connection with the Loan, including, without limitation, appraisal, administrative, closing, escrow and title fees (which title fees will include, among other things, prepayment of CLTA Form 122 endorsements in such number as Bondowner Representative specifies), cost engineering fees, environmental fees, and legal expenses. Said items must be paid by Borrower out of sources other than Borrower's Sources except to the extent included in the Initial Cost Breakdown.

(13) Bondowner Representative must have received and approved such financial statements, tax returns and other financial information which it may require regarding

the financial condition of Borrower, any of its partners or joint venturers, any guarantors, any other parties or the Project.

(14) Bondowner Representative must have received and approved certified copies of the entity formation documents of Borrower and its partners as Bondowner Representative may require, including, without limitation, a copy of the Partnership Agreement executed by all of the general and limited partners, including, without limitation, all limited partners who will be providing equity contributions to Borrower.

(15) Bondowner Representative must have received and approved evidence of the due execution of the Permitted Encumbrance Documents for the HOME Loan and the City of Industry Loan by Borrower and any other parties, including appropriate certificates of authority.

(16) Bondowner Representative must have received evidence satisfactory to Bondowner Representative that all utilities will be provided which are necessary to develop and occupy the Project Premises and Facility, including written assurances from such utility companies as Bondowner Representative may require. Bondowner Representative must also receive evidence satisfactory to Bondowner Representative of the availability of such amounts of potable water as are necessary to develop and occupy the Project Premises and Facility, as contemplated by the Agreement.

(17) Bondowner Representative must have received evidence of such zoning (including variances) and other land use entitlements and building permits as may be necessary to lawfully commence and carry on construction of the Facility to completion, and thereafter to operate and occupy the Project as an apartment complex as contemplated hereby (except that actual issuance of permits necessary to commence construction may be subject only to payment of the applicable fees).

(18) Bondowner Representative must have obtained an appraisal of the Project acceptable to Bondowner Representative.

(19) Bondowner Representative must have obtained evidence that the documents evidencing and securing each of the HOME Loan and the City of Industry Loan shall have been executed and, to the extent applicable, recorded.

(20) Bondowner Representative must have received an opinion of Borrower's counsel in form, scope and substance satisfactory to Bondowner Representative, covering the due formation and good standing of Borrower and each of its general partners or members, Borrower's authority to enter in the transaction contemplated by the Loan Documents, conflicts with applicable laws and other agreements, material litigation, enforceability and such other matters as Bondowner Representative shall require. If the Loan Documents include a Guaranty, Bondowner Representative must have received an opinion of each guarantor's counsel to the same effect regarding the Guaranty and each guarantor.

(21) Bondowner Representative must have received evidence satisfactory to it that all of the conditions under any applicable development agreement for the development and construction of the Project have been satisfied in full by Borrower.

(22) [Reserved].

(23) Borrower must provide Bondowner Representative with an estoppel certificate or (if required by Bondowner Representative) an intercreditor agreement executed by the holder of each Permitted Encumbrance in form and substance satisfactory to Bondowner Representative and copies of all final Permitted Encumbrance Documents for review and approval by Bondowner Representative.

(24) Bondowner Representative must have received and approved a copy of each regulatory agreement or similar document affecting the Project in final form.

(25) Bondowner Representative must have received and approved Borrower's standard form of lease to be used for the Project

(26) Borrower shall provide performance, and labor and material bonds as Bondowner Representative may require.

(27) Bondowner Representative must have received and approved a list of all contractors, subcontractors and the material suppliers to be employed in connection with the construction of the Facility (setting forth the nature of the work to be performed, the labor and materials to be supplied and the dollar amount of such work or materials). If requested by Bondowner Representative, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed subcontracts with accepted bidders.

(28) Bondowner Representative must have received evidence that capital contributions from Investor Limited Partner, in the amounts approved by Bondowner Representative and set forth in the Cost Breakdown for payment at Loan closing or prior to Authorization to Proceed, have been deposited into the escrow for the closing of the Loan with instructions from the Investor Limited Partner to pay the same to Bondowner Representative for deposit into the Equity Account, less amounts payable to others which are approved by Bondowner Representative.

(29) Such other conditions as Bondowner Representative may require.

(b) Initial Disbursement and Subsequent Disbursements

After the Loan has closed, Bondowner Representative is not required to make or approve any disbursements of any Loan proceeds or any release of any other of Borrower's Sources if:

(1) Any of the items set forth in subsection 1(a) above, which was not satisfied as a condition of closing, has not been satisfied or specifically waived by Bondowner Representative in writing as a condition of making disbursements.

(2) Bondowner Representative fails to receive (i) a Draw Request (as defined below) accompanied by such documentation and information as Bondowner Representative may require, (ii) evidence satisfactory to Bondowner Representative that the Permitted Encumbrance funds and the capital contributions from Investor Limited Partner to be

made during or prior to commencement of construction of the Facility have been expended by Borrower for costs of construction of the Project or other costs acceptable to Bondowner Representative, or (iii) any other documentation or information that Bondowner Representative may require under Section 2 of this Disbursement Schedule, or Bondowner Representative considers any such Draw Request, documentation or information to be unacceptable.

(3) Any part of the Project then subject to the Mortgage is materially damaged and not repaired, unless Bondowner Representative receives funds from Borrower or insurance proceeds sufficient to pay for all repairs in a timely manner.

(4) Any part of the Project then subject to the Mortgage, or any interest in any of it, is affected by eminent domain or condemnation proceedings.

(5) The title insurer fails or refuses to issue upon request a CLTA Form 102.5 endorsement or its equivalent upon completion of the foundation for the Project (if applicable) or a CLTA Form 122 endorsement or its equivalent if required by Bondowner Representative for the particular disbursement, and/or any other title policy endorsement that Bondowner Representative may require.

(6) Bondowner Representative receives a bonded or unbonded stop notice, unless Borrower timely files a release bond satisfactory to Bondowner Representative.

(7) The Loan is “out of balance” and Borrower fails to comply with any demand by Bondowner Representative to deposit funds, and/or Bondowner Representative does not consent to any revised Cost Breakdown proposed by Borrower.

(8) A default has occurred under any of the Loan Documents and is continuing, or an event has occurred and is continuing that with notice or the passage of time could become such a default, and Borrower has not corrected or cured the default.

(9) A default has occurred and is continuing under any of the Requirements.

(10) Borrower has failed timely to receive any equity contribution provided for in Partnership Agreement and such contribution has not subsequently been received.

(11) Permitted Encumbrance funds shall not have been expended by Borrower as approved by Bondowner Representative or any uncured material default exists under any Permitted Encumbrance.

(12) Borrower fails to satisfy any other conditions to funding required by Bondowner Representative and such failure is continuing.

(13) Bondowner Representative has not received Issuer's written approval for loan disbursements relating to Project construction costs.

(14) With respect to all disbursements following the initial disbursement, all of the proceeds of the HOME and City of Industry Loans and \$1,068,434 of the Tax Credit Equity have been disbursed and applied to costs of the Project pursuant to the Cost Breakdown.

(c) Final Disbursement

Bondowner Representative is not required to make the final disbursement of Loan proceeds until all of the following conditions are satisfied:

(1) The Facility must be fully completed in accordance with the Plans and Specifications and all Requirements.

(2) Bondowner Representative must receive evidence that a valid Notice of Completion for all of the Facility has been recorded.

(3) Bondowner Representative must receive evidence that all temporary certificates of occupancy or other permits necessary for occupancy of all of the Facility have been obtained from the appropriate governmental authorities.

(4) Bondowner Representative must receive a final Draw Request, accompanied by written certification by the Architect and the Contractor that the Facility as completed conform to the Plans and Specifications and all Requirements, (including, without limitation, an AIA G-704 Certificate of Substantial Completion with respect to the Project executed by the Architect) and by such other documentation and information as Bondowner Representative may require under Section 2 of this Disbursement Schedule.

(5) Borrower must provide endorsements to or a rewrite of Bondowner Representative's title insurance policy insuring lien-free completion of the Facility as well as first-lien priority of the final disbursement.

(6) Bondowner Representative must receive complete as-built plans and specifications for the completed Facility certified by the Architect as being complete and accurate.

(7) Bondowner Representative must receive and approve an ALTA as-built survey of the completed Project without any encroachments or exceptions of any kind except as acceptable to Bondowner Representative, prepared by a licensed surveyor, certified to Bondowner Representative and the title insurer.

(8) No default shall have occurred and be continuing under any of the Loan Documents and no event shall have occurred that upon notice or the passage of time would become such a default.

(9) Bondowner Representative has received Issuer's written approval for Final Disbursement relating to Project construction costs.

(10) The Operating Reserve and Replacement Reserve Accounts shall have been established with Bondowner Representative (to be funded concurrently with Permanent Loan Conversion).

2. Draw Requests

Before Bondowner Representative becomes obligated to make any disbursement, it must receive a written request signed by Borrower or Borrower's agent designated in Section 5 of this Disbursement Schedule, using a form acceptable to Bondowner Representative ("Draw Request"), accompanied by such documentation and information as Bondowner Representative may require. In each Draw Request, Borrower shall request disbursement for one or more specified line item(s) of the Cost Breakdown. In addition, each Draw Request shall be accompanied by checks (to be drawn on the Checking Account) made out to each of Borrower's merchants, vendors, materialmen, suppliers, laborers, subcontractors, and other appropriate parties in the amount of the funds owed to such parties after appropriate adjustment for any retainages. Bondowner Representative shall not be obligated to fund any Draw Request earlier than thirty (30) days after receipt of a complete supporting package. In the event the Draw Request is approved and the funds from Borrower's Sources are disbursed into the Checking Account (or, in the case of Loan proceeds, deposited to the Project Fund), Bondowner Representative shall send the checks to the appropriate parties via regular U.S. Mail unless another method is approved by Bondowner Representative in its sole discretion. Borrower may submit Draw Requests to Bondowner Representative no more frequently than once each calendar month, unless Bondowner Representative has given its prior written consent in each instance.

With each Draw Request, Borrower shall submit to Bondowner Representative such items of information and documentation, including invoices, canceled checks, lien waivers and other evidence as may be required by Bondowner Representative to show that Borrower is in compliance with the Loan Documents. All such items must be acceptable in form and substance to Bondowner Representative.

Each Draw Request shall constitute Borrower's representation and warranty to Bondowner Representative that:

- (a) The Loan is "in balance" as defined in the Agreement.
- (b) All of the documentation submitted with the Draw Request is genuine and unaltered.
- (c) All disbursements made to date as well as those being currently requested were and will be in strict compliance with the Cost Breakdown, unless Borrower has notified Bondowner Representative in writing to the contrary and Bondowner Representative has approved such deviation.

(d) The funds requested by the Draw Request will pay in full all invoices received by Borrower or by Contractor to date for labor, materials and services furnished in connection with the construction of the Facility.

(e) Borrower has caused or will promptly cause the amounts requested by the Draw Request to be paid to the respective individuals or entities for which such amounts were requested.

(f) All amounts disbursed by Bondowner Representative pursuant to each previous Draw Request have been paid in the amounts and to the respective individuals or entities for which such amounts were requested.

3. Disbursement Amounts

For each line item of the Cost Breakdown, Bondowner Representative shall make disbursements of Borrower's Sources in amounts which, when totaled, do not exceed the maximum allocation of funds for that line item, as shown in the Cost Breakdown, taking into account all prior disbursements, any reallocations of Borrower's Sources made by Bondowner Representative, in its sole discretion, and all applicable retention requirements. If at any time Bondowner Representative is holding Borrower's Funds in the Equity Account or Borrower's Funds Account, Bondowner Representative shall make all disbursements first from such funds until they are exhausted, in the manner provided in Section 4 of this Disbursement Schedule. On the first day of each month occurring from and after the date hereof (whether or not Bondowner Representative disburses or is obligated to disburse any of the proceeds of the Loan and whether or not Bondowner Representative releases or is obligated to release any funds from the Equity Account), Borrower shall pay to Bondowner Representative a Construction Inspection Fee of \$[500] each month to partially cover Bondowner Representative's monthly administrative fees and costs. In the event that Bondowner Representative permits Borrower to make more than one Draw Request in a month, the Construction Inspection Fee shall increase \$[500] for each such additional Draw Request.

(a) Disbursements of Certain Costs Not Requiring Retention

For each line item of the Cost Breakdown other than Hard Costs, if otherwise approved, Bondowner Representative shall make one or more disbursements to Borrower or for its account in the amount applied for in Borrower's Draw Request, without retention.

(b) Disbursements of Costs Requiring Retention

Bondowner Representative shall withhold ten percent (10%) of each disbursement for each of the line items of the Cost Breakdown designated for withholding of ten percent (10%) retention (the "Retainage") until all conditions to Bondowner Representative's final disbursement have been satisfied.

When Bondowner Representative has determined in its sole discretion that construction of the Project is at least fifty percent (50%) complete, Bondowner Representative will release the portion of the Retainage applicable to those specific subcontractors whose

subcontracts are one hundred percent (100%) complete as determined by Bondowner Representative in its sole discretion, subject to the following additional conditions:

(i) Bondowner Representative will continue to withhold Retainage from all subsequent disbursements from applicable line items.

(ii) The request for release of a particular subcontractor's Retainage must be submitted to Bondowner Representative as part of a regular monthly Draw Request.

(iii) Borrower must notify Bondowner Representative's inspector at a regular monthly site meeting that a request for release of Retainage is to be submitted, so that the inspector can inspect for percentage of completion with respect to the subcontractor in question.

(iv) The Draw Request must include all required lien releases and other supporting documentation with respect to the release of Retainage.

(v) Notwithstanding anything the contrary set forth above, the aggregate Retainage held by Bondowner Representative must at all times be no less than [seven and one-half percent (7.5%)] of aggregate line items subject to Retainage disbursed to date until all conditions to Bondowner Representative's final disbursement of Loan proceeds have been satisfied.

Borrower, at its option, may request disbursement of the Retainage before requesting the final disbursement of Loan proceeds, provided that all conditions to the final disbursement have been satisfied.

(c) Disbursements of Interest Reserve

Any undisbursed Interest Reserve shown in the Cost Breakdown shall be disbursed to Borrower for purposes other than payment of interest on the Loan only after Bondowner Representative's receipt of a valid Conversion Notice (as defined in the Note) and only immediately prior to the Permanent Loan Conversion Date.

4. Borrower's Funds

At all times when Bondowner Representative is holding Borrower's Funds in Borrower's Funds Account or in the Equity Account, Bondowner Representative shall make all disbursements first from Borrower's Funds until they are exhausted.

5. Disbursement Procedures

(a) Disbursements

Bondowner Representative shall make all disbursements by placing funds into the Checking Account, except as otherwise provided in the Agreement or as otherwise agreed in writing by Bondowner Representative and Borrower.

(b) Authorized Signers

All Draw Requests and other documents in connection with the administration of the Loan must be signed in accordance with the most recent Disbursement Authorization form which Borrower has delivered to Bondowner Representative.

(c) Developer Fee

Developer Fee is payable only to the extent and at the times specified in the Cost Breakdown, notwithstanding anything contrary contained in the Partnership Agreement or any other document executed in connection with the Partnership Agreement.

(d) Draw Request Guidelines

Draw Requests shall be subject to Bondowner Representative's Guidelines for the Submittal of Construction Loan Draw Requests (the "Draw Guidelines") as amended from time to time; provided, however, that in the event of conflict between the Agreement (including, without limitation, this Disbursement Schedule) or any other Loan Document and the Draw Guidelines, the Agreement or such other Loan Document shall prevail.

EXHIBIT F
PRO FORMA SCHEDULE

EXHIBIT G
STANDARD FORM LEASE

(to be attached)

EXHIBIT H

DESCRIPTION OF FACILITY, ENGINEER, ARCHITECT, CONTRACTOR, CONTRACTS, AND PLANS AND SPECIFICATIONS

1. Facility

When completed, the Facility will consist of an approximately 30-unit “affordable housing” apartment complex located at 1707-1717 East 61st Street, Los Angeles, California, together with all fixtures, tenant improvements and appurtenances now or later to be located on the Project Premises and/or in the Facility, and other onsite improvements as are shown in the Plans and Specifications.

2. Architect

Borrower has engaged Jones & Martinez Architects, Inc., a licensed architect, to act as the Architect in connection with the construction of the Project. The contract between Borrower and the Architect governing this engagement (the “Architecture Contract”) is entitled “Standard Form of Agreement Between Owner and Architect” and dated May 4, 2011.

3. Contractor

Borrower has engaged APEC International, Inc., a licensed general contractor, to act as the Contractor for the construction of the Project. The contract between Borrower and the Contractor governing this engagement (the “Construction Contract”) is entitled “Standard Form of Agreement Between Owner and Contractor” and dated [DATE].

4. [Reserved]

5. Plans and Specifications

The Plans and Specifications described below were prepared by the Architect and the Engineer for the use of Borrower and the Contractor in constructing the Project. The description of the plans and specifications is attached as Schedule 1 to this Exhibit B.

**SCHEDULE 1
TO EXHIBIT H
DESCRIPTION OF PLANS AND SPECIFICATIONS**

The Plans and Specifications are those contained in those certain plans dated [DATE] as prepared by Jones and Martinez Architects, Inc., the Project Architect, which are on file at the Borrower's principal place of business.

EXHIBIT I-1
INITIAL COST BREAKDOWN

EXHIBIT I-2
REVISED COST BREAKDOWN

N/A

EXHIBIT J
LEASING PROGRAM

4848-5530-7275, v. 4

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: KARILYN E. KOBER, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

SLAUSON STATION APARTMENTS, L.P.,
as Borrower

relating to

\$6,850,000

The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(Slauson Station Apartments)
Series 2011D

Dated as of December 1, 2011

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EXHIBIT A	DESCRIPTION OF PROJECT SITE
EXHIBIT B	FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
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EXHIBIT D	FORM OF ANNUAL TENANT INCOME RECERTIFICATION
EXHIBIT E	FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE
EXHIBIT F	FORM OF STATISTICAL REPORT TO ISSUER
EXHIBIT G	CDLAC RESOLUTION

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Agreement” or this “Regulatory Agreement”) is made and entered into as of December 1, 2011 by and among **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, and duly authorized to accept and execute trusts in the State of California, in its capacity as trustee under the Indenture (as hereinafter defined), with a corporate trust office in Los Angeles, California (the “Trustee”), and **SLAUSON STATION APARTMENTS, L.P.**, a California limited partnership (the “Borrower”).

W I T N E S S E T H :

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

WHEREAS, on July 5, 2011 the Board of Commissioners of the Issuer passed a resolution supplementing the December 2, 2008 resolution indicating the Issuer’s intent to provide for the issuance of revenue bonds and other evidence of indebtedness to finance the acquisition and construction of Slauson Station Apartments, a multifamily residential rental housing project to be located in the County of Los Angeles at 1707-1717 East 61st Street on the site more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, on July 5, 2011 (the “Inducement Date”) the Board of Supervisors of the County of Los Angeles adopted a resolution (the “Inducement Resolution”) approving the issuance of revenue bonds to provide financing for the acquisition and construction of the Project; and

WHEREAS, on December __, 2011 the Board of Commissioners of the County of Los Angeles adopted a resolution (the “Resolution”) authorizing the issuance of its revenue bonds to provide financing for the acquisition and construction of the Project; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer is issuing pursuant to that Indenture of Trust (the “Indenture”) dated as of December 1, 2011 between the Issuer and the Trustee, its Multifamily Housing Revenue Bond (Slauson Station Apartments) Series 2011D (the “Bond”), the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to provide financing for the acquisition and construction of the Project; and

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

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

WHEREAS, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition and construction of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Act and the additional requirements of the Issuer;

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

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

“*Act*” means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California.

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

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

“*Affordable Rent*” means an annual rent for a Very Low Income Unit which does not exceed 30% of the applicable maximum Adjusted Income for the Area of Very Low Income Tenants adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons).

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

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

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, may be designated as the Borrower's authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an

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

“*Bond*” means the bond authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Closing Date*” or “*Closing Date*” means the date upon which the Bond is initially issued and delivered in exchange for the proceeds representing at least \$50,001 of the total purchase price of the Bond paid by the original purchaser thereof.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, 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 but shall not include counsel for the Borrower or the Trustee.

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

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

“*Borrower*” means Slauson Station Apartments, L.P., its successors and assigns.

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

“*CDLAC Conditions*” has the meaning set forth in Section 7(d) hereof.

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

“*Closing Date*” means the date of issuance of the Bond.

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

“*Completion Certificate*” means the certificate of completion of the Project required to be delivered to the Issuer and the Trustee by the Borrower pursuant to Section 2(i) hereof.

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

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

“*Gross Income*” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination).

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

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

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

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

“*Income Certification*” means, initially, a Verification of Income in the form attached hereto as **Exhibit C** or in such other form as may from time to time be provided by the Issuer to the Borrower and, with respect to recertifications, the Income Certification attached hereto as **Exhibit D** or such other form as may, from time to time, be provided by the Issuer to the Borrower.

“*Indenture*” means the Indenture of Trust, dated as of December 1, 2011, by and between the Issuer and the Trustee, relating to the issuance of Bond, and any indenture supplemental thereto.

“*Inducement Date*” means July 5, 2011.

“*Issuer*” means The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California.

“*Loan*” means the loan of sale proceeds of the Bond by the Issuer to the Borrower described in the Loan Agreement.

“*Loan Agreement*” means the Loan Agreement dated as of December 1, 2011 among the Issuer, Nara Bank and the Borrower, as the same may from time to time be amended or supplemented as provided therein and in the Indenture.

“*Mortgage*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 1, 2011 which has been or will be delivered by the Borrower as trustor for the benefit of the Trustee, as amended from time to time.

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

“*Program Monitor*” means any program monitor or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed. The initial Program Monitor shall be the Issuer.

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

“*Project Costs*” means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, remediation, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and developer’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, with the approval of the Issuer, for the Project).

“*Project Facilities*” means the buildings, structures and other improvements on the Project Site to be, constructed or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures

and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“*Project Site*” means the parcel or parcels of real property having the street address of 1707-1717 East 61st Street, Los Angeles in the County of Los Angeles, California, and described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining.

“*Qualified Project Costs*” means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during, and the credit enhancement fees, if any, attributable to the period of, the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing, on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Qualified Project Costs shall not include any amounts spent to acquire existing buildings or structures. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not “related persons” as such term is defined in Section 147(a)(2)(A) of the Code.

“*Qualified Project Period*” means the period beginning on the first date upon which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates or (d) the date that is fifty-five (55) years from the Closing Date, as required by the CDLAC Conditions, unless CDLAC waives its condition governing the length of the Qualified

Project Period. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

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

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

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

“*Trustee*” means U.S. Bank National Association or any successor Trustee serving as such under the Indenture.

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

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

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

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

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

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

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition and construction of the Project are accurately set forth in the Borrower Cost Certificate submitted to the Issuer on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related persons" as such term is defined in Section 147(a)(2)(A) of the Code.

(d) The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(e) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate

disbursements of the Loan funded with the proceeds of the Bond; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Loan expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site.

(f) On the Completion Date of the Project, the Borrower will submit to the Issuer and the Trustee a duly executed and completed Completion Certificate as provided in Section 2(i) hereof.

(g) No proceeds of Bond will be used to pay or reimburse any cost (i) incurred more than sixty days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any related person (as such phrase is used in Section 142(d)(2) of the Code) had made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work had been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project had been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

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

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing the Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (i) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction have been paid for and (ii) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the plans and specifications and work orders therefor and all costs and

expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 36 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer approving an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (i) spent on land relative to the Project Site by the Borrower to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (ii) spent on costs of the Project paid or incurred by or on account of the Borrower or any Related Person on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amount, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amounts of Bond proceeds expended on such costs of the Project are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project-except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

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

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

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

(b) All of the dwelling units in the Project will be similarly constructed units, and each Very Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

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

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

(e) All of the dwelling units will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Very Low Income Tenants and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the Issuer) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

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

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

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

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

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

(k) Within 30 days after the date on which: (i) 10% of the dwelling units in the Project are first occupied; and (ii) 50% of the dwelling units in the Project are first occupied, the Borrower shall deliver to the Issuer and the Trustee a written notice specifying each such date. The Borrower shall cause a copy of each such notice to be recorded in the Official Records of the County of Los Angeles, California.

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

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied and (ii) the date on which 50% of dwelling units in the Project are occupied, the Borrower shall execute and deliver to the Issuer and the Trustee a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Very Low Income Tenants shall occupy at least 20% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Very Low Income Tenants; and for the Qualified Project Period no less than 20% of the total number of completed units of the Project shall at all times be rented to and occupied by Very Low Income Tenants. For the purposes of this paragraph (b), 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. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Very Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Very Low Income Tenants; provided, however, that should a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a 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; and provided further that, until such next available unit is rented to a tenant who is not a Very Low Income Tenant, 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 20% requirement of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

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

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Very Low Income Units, and will with reasonable notice 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 during regular business hours, including those records pertaining to the occupancy of the Very Low Income Units.

(f) The Borrower will prepare and submit to the Issuer, the Program Monitor, if applicable and the Trustee, no later than the [thirtieth] day of the [first month of each calendar quarter] following the receipt by the Trustee of the Completion Certificate to and including the calendar quarter in which such report indicates that [20%] of the occupied units are occupied by Very Low Income Tenants, and thereafter no later than the thirtieth day of the [first month 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 which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Very Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

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

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Very Low Income Unit shall contain a provision to the effect that the Borrower has relied on the income certification 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. Each such lease or rental agreement shall also provide that the tenant agrees that tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Very Low Income Tenant of the same family size, such tenant may cease to qualify as a Very Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof. All leases pertaining to 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 or the Issuer or the Program Monitor 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.

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

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

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

(c) The Borrower and the Issuer will file or 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, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

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

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

restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related person (as defined in Section 147(a)(2) of the Code) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

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

(a) 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 Affordable Rents.

(b) 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.

(c) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should the Gross Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirement of Section 4(b) hereof. Until such next available unit is rented to a qualified tenant, 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 requirement of Section 4(b) hereof.

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

(e) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection 7(a) of this Regulatory Agreement shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until

the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause, as defined in the Act, (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Borrower pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

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

(h) This Regulatory Agreement shall be recorded in the office of the county recorder of the County of Los Angeles and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Issuer as grantee.

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

(a) The Borrower shall promptly provide to the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request. The Borrower shall provide written notice to the Issuer of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

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

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 11-110, adopted on September 28, 2011 (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and are attached hereto as part of Exhibit G. Following completion of the construction of the Project, 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 CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise

provided in Section 14 hereof. The Issuer and the Program Monitor shall have no obligation, but may, at their sole discretion, choose to monitor the Borrower's compliance with the CDLAC Conditions.

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

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

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the Issuer, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

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

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

(j) [reserved].

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

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

(m) There are three points in time when the Borrower is required to give written notice to all tenants of Very Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice, to all tenants of Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for the term specified herein. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

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

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

(n) The Borrower shall pay to the Issuer an initial fee equal to [\$8,563] (0.125% of the maximum principal amount of the Bond) on or prior to the Closing Date. The Borrower shall also pay on the Closing Date and annually in advance on the anniversary date of the date of issuance of the Bond an amount equal to 0.125% of the maximum original principal amount of the Bond for the term of the Qualified Project Period. Such annual fee shall be paid (i) to the Trustee in equal monthly installments

pursuant to the Loan Agreement for annual payment to the Issuer as set forth above while the Bond is Outstanding and (ii) to the Issuer, on the date of final payment of the Outstanding principal amount of the Bond prior to the end of the Qualified Project Period in an amount equal to the present value of the remaining Issuer's Ongoing Fee payable hereunder, as calculated by the Issuer, using a discount rate equal to the yield on the United States treasury security maturing on the date nearest the end of the Qualified Project Period. Such prepayment shall be limited as necessary in the opinion of Bond Counsel to prepare the exclusion of interest on the Bond from gross income for federal income tax purposes. The Borrower shall also pay to the Issuer, within thirty (30) days after receipt of request for payment thereof from 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 Bond. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bond, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bond yield) the Issuer's fees, unless such prepayment is made in connection with a refunding of the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, the Borrower shall continue to pay to the Issuer all fees, losses and expenses required under the Loan Agreement and the Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(o) [reserved]

(p) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment, waiver, refunding/re-issuance requested of the Issuer, together with any expenses incurred by the Issuer and its counsel/attorney and financial advisor (if applicable) in connection therewith.

(q) The Trustee shall report to the Issuer in writing semiannually, within 10 days of each June 1 and December 1, the principal amount of Bond outstanding as of such June 1 or December 1, as appropriate.

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

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

(t) The Borrower shall submit to the Issuer, (i) not later than the thirtieth (30th) day after the close of each calendar year, a statistical report in the form set forth as Exhibit F hereto, or such other form as may be prescribed by the 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.

(u) The Borrower acknowledges that the Issuer may appoint a Program Monitor 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 Program Monitor, 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 Program Monitor as an agent of the Issuer.

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

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

Any of the foregoing requirements of the Issuer (except (d) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer's sole discretion, but (a) 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, including particularly but without limitation the provisions of Sections 2 through 6 hereof, 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 Bond for federal income tax purposes; and (b) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act.

Section 8. Modification of Covenants. The Borrower, the Trustee and the 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 Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee 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, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-exempt status of interest on the Bond. The Issuer shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the Issuer, whether or not required by California or federal law.

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

Section 9. Indemnification. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, its officers, governing members, directors, officials, employees, attorneys, and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) this Regulatory Agreement, the Indenture, the Loan Agreement and any of the other Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or transfer of the Bonds;

(b) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(c) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

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

(e) the defeasance and/or redemption, in whole or in part, of the Bond;

(f) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any documents relating to the Bond to which the Borrower is a party, or any omission from any such document of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading; or

(g) any declaration of taxability of interest on the Bond, or allegations (or regulatory inquiry that interest on the Bond is included in gross income for federal tax purposes.

Except in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the Issuer, it makes a reasonable judgment that a competent attorney has not been appointed.

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

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

Section 10. Consideration. The Issuer has issued the Bond to provide funds to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire and construct the Project. In consideration of the issuance of the Bond 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 Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Trustee 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 and the Trustee 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 or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

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

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

At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify the Issuer in writing (a "Transfer Notice") and shall submit to the Issuer for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to the Issuer sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the "Transfer Documents"). No Transfer Documents shall be approved by the Issuer unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that the Issuer consent to the proposed Transfer. The Issuer agrees to make its decision on

Borrower's request for consent to such Transfer promptly, and use reasonable efforts to respond not later than thirty (30) days after the Issuer receives the last of the items required by this Section 13. In the event the Issuer consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Issuer receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to the Issuer.

Except as expressly provided in this Section 13, in connection with any Transfer hereunder, the purchaser or assignee shall also: (i) deliver 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; (ii) deliver to the Issuer an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; and (iii) pay to the Issuer and Trustee all fees and/or expenses then currently due and payable to the Issuer and Trustee (together with the Transfer Documents, the "Transfer Deliveries").

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

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

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code ("LIHTCs"), the Issuer hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in Borrower to an equity investor and subsequent transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners, which may involve the sale of Borrower's interest in the Project and/or the Transfer of greater than forty-nine percent (49%) of its ownership and/or control; and (iii) removal of the general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as it may be amended from time to time, provided that the replacement general partner shall be approved by the Issuer, which approval shall not be unreasonably withheld. Notwithstanding the above, Borrower shall notify the issuer that Borrower intends to pursue such transfers of partnership interest at least sixty (60) days before the scheduled date of such transfers and shall comply with the provisions of the second paragraph of this Section 13; further, if the general partner is being replaced, Borrower shall provide evidence acceptable to the Issuer with regard to such successor general partner's financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the Issuer.

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

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

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the Issuer nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby the Bondowner Representative, the Trustee or a designee or third party purchaser becomes the Borrower of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondowner Representative, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Loan Documents. However, if the Trustee or Bondowner Representative acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the Issuer and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or Bondowner Representative's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the Mortgage, or any of the other Loan Documents to which the Borrower is a party, which requires the Borrower to obtain the consent of the Bondowner Representative as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project, or of any direct or indirect interest in the Borrower, or which otherwise gives the Bondowner Representative the right to accelerate the maturity of the Loan or any obligations of Borrower under the Loan Documents, or to take some other similar action with respect to the Loan or any obligations of Borrower under the Loan Documents, upon the sale, transfer or other disposition of the Project or any such other interest.

For the Qualified Project Period, the Borrower shall not: (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement, the Mortgage and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax Exempt status of interest on the Bonds; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement and the Mortgage relating to a commercial operation or ancillary facility that will be available

for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Loan Documents and 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 other than rental residences.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14, shall terminate in its entirety at the end of the Qualified Project Period (or in the case of Section 7(d) hereof, at the times set forth in CDLAC Resolution No. 11-110), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

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

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the Bond or a portion thereof attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the Issuer) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related person as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 15. Covenants To Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project (including the Project Site) 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. The Issuer and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 16. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

Section 17. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 18. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (a) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (b) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the

Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the Issuer may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

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 18 of the Borrower's default under this Regulatory Agreement, to lease up to 20% of the units in the Project (other than one unit set aside for managerial or administrative use) 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 or the Borrower's investor limited partner 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 (including reasonable attorneys' fees) of the Trustee and 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 any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

After the Indenture has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

Section 19. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The Issuer shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the Issuer, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 20. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and

filed in the real property records of the County 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. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the Issuer as grantee.

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

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 22. Amendments. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California, 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 Bond and is not contrary to the provisions of the Act and with the written consent of the Trustee.

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the Issuer Attorney of the Issuer), in order that interest on the Bond remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and counsel to the Issuer and a request that such 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 Bond.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to the Issuer:	The Housing Authority of the County of Los Angeles 2 Coral Circle Monterey Park, CA 91755 Attention: Pat Case and Jewel Warren-Reed Facsimile: 323-890-9715
-------------------	---

Telephone: 323-838-7768

If to the Trustee: U.S. Bank National Association
633 West Fifth Street
24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

If to the Borrower: Slauson Station Apartments, L.P.
Suite 1000
770 South Irolo Street
Los Angeles, CA 90005
Attention: Eugene Kim

With a copy to: Bocarsly Emden Cowan Esmail &
Arndt, LLP
70th Floor
633 W. 5th Street
Los Angeles, CA 90071
Attention: Kyle Arndt, Esq.

With a copy to: R4 Capital Group Inc.
38 Chauncy Street, Suite 600
Boston, MA 02111
Attention: Richard Coomber

And: R4 Capital Group Inc.
780 Third Avenue, 10th Floor
New York, NY 10017
Attention: Asset Management Department

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

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

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall not discriminate in their employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All subcontracts awarded under this Regulatory Agreement shall contain a like provision.

Section 27. Third-party Beneficiary. The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer or to cause the Issuer to enforce, the provisions of Section 7(d) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 28. Financial Obligations Personal to Borrower. The Issuer acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the Issuer shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

Section 29. Americans With Disabilities Act. The Borrower and the Trustee each hereby certifies that it will comply with the Americans with Disabilities Act 42 U.S.C. Section 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). The Borrower and the Trustee each will provide reasonable accommodations to allow

qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 30. 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 the Loan Agreement, 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 or the Loan Agreement, any rights of the Borrower under the Indenture or any other documents relating to the Bond or any rights of the Borrower under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of 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, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that the Borrower's liability shall not be so limited in the case of the following:

- (a) a willful breach by the Borrower of the provisions of the Loan Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;
- (b) any liability, damage, cost or expense incurred by the Issuer or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and
- (c) any failure by the Borrower to comply with Section 9 or Section 20 of this Regulatory Agreement.

In addition, each individual, other than any representative of the Issuer, signing this Agreement, or any other Loan Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Loan Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer, the Trustee 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 _____
Sean Rogan
Executive Director

Approved as to form:

ANDREA SHERIDAN ORDIN, County Counsel

Deputy

[Issuer Signature Page to Regulatory Agreement
Slauson Station Project]

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

By _____
Name _____
Authorized Signatory

[Trustee Signature Page to Regulatory Agreement
Slauson Station Project]

SLAUSON STATION APARTMENTS, L.P.,
a California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____

Name: Zoe Ellas

Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____

Name: Eugene Kim

Title: President

[Borrower Signature Page to Regulatory Agreement
Slauson Station Project]

NOTARY ACKNOWLEDGMENT STATEMENT

STATE OF CALIFORNIA
COUNTY OF _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

NOTARY ACKNOWLEDGMENT STATEMENT

STATE OF CALIFORNIA
COUNTY OF _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

NOTARY ACKNOWLEDGMENT STATEMENT

STATE OF CALIFORNIA
COUNTY OF _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
DESCRIPTION OF PROJECT SITE

[TO BE COMPLETED]

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this __ day of _____, _____, 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/quarter] such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, ___% of the units in the Project were occupied by Very Low Income Tenants (minimum of 20% at Affordable Rents).

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 Mortgage.] [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

FORM OF INCOME CERTIFICATION

[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.	2.	3.	4.	5.
Name of Members of the Household	Relationship to Head of Household	Age	Social Security Number	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, workers' 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 agent 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. (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 that was previously a Very Low Income Unit, may be treated as a Very Low Income Unit 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 Program Monitor along with a Verification of Income
upon the rental of a unit in the Project.)

Project: SLAUSON STATION

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 D

FORM OF ANNUAL TENANT INCOME RECERTIFICATION

**HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
ANNUAL TENANT INCOME RECERTIFICATION**

Project name _____

Apartment # _____ Date of Original Certification _____

Resident name _____

TO THE RESIDENT:

This form is a continuation of The Housing Authority of the County of Los Angeles (the "Issuer") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the Issuer to maintain this information in order to maintain the Program.

Household Composition:

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? _____

If so, please describe and list amount and annual income expected to be derived from such assets. _____

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

Please have all occupants over the age of 18 sign this certification.

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

- | | |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

MANAGER'S SIGNATURE:

DEFINITION OF INCOME

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical

expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Project Name: Swansea Park Seniors Apartments

CDLAC Application No.: 11-108

Pursuant to Section 13 of Resolution No. 11-110 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 28, 2011 I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A next to the items listed below:

- The project is currently in the Construction or Rehabilitation phase.
- The project received points for exceeding Title 24 by 10% or reducing energy use by 25% (Acquisition and Rehabilitation Projects) I have attached an Energy Performance Certificate approved by the Energy Commission with my first Annual Certification of Compliance.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

EXHIBIT F

[Form of]

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:

BORROWER:

SLAUSON STATION APARTMENTS, L.P., a
California limited partnership

By: Deep Green Housing and Community
Development, its General Partner

By: _____
Name: Zoe Ellas
Title: Executive Director

By: APEC International, LLC, its General
Partner

By: _____
Name: Eugene Kim
Title: President

EXHIBIT G
CDLAC RESOLUTION

4835-1345-7675, V. 1

4835-1345-7675, V. 3