



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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

Cordé D. Carrillo
Acting Executive Director

May 12, 2009

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

Dear Commissioners:

**APPROVE LOAN AGREEMENT WITH LANCASTER RHF HOUSING, INC. TO
DEVELOP HARSHFIELD TERRACE, A 75-UNIT SENIOR HOUSING PROJECT IN
UNINCORPORATED QUARTZ HILL (DISTRICT 5) (3 VOTE)**

SUBJECT

This letter recommends approval of a Loan Agreement with Lancaster RHF Housing, Inc. for Harshfield Terrace, a 75-unit low-income senior development (Project) to be built at 6570 West Avenue M in unincorporated Quartz Hill. The loan will provide up to \$1,093,324 in HOME Investment Partnerships Program (HOME) funds for predevelopment, construction and permanent financing.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Acting as a Responsible Agency for the Harshfield Terrace senior development, certify that the Community Development Commission has independently considered the attached Initial Study/Negative Declaration (IS/ND), prepared by the Los Angeles County Department of Regional Planning, as lead agency, and reached its own conclusions regarding the environmental effects of the 75-unit low-income senior housing project (Project) and find that the Project will not have a significant adverse impact on the environment.
2. Approve a Loan Agreement, with Lancaster RHF Housing, Inc., attached in substantially final form, to provide up to \$1,093,324 in HOME funds for the development of Harshfield Terrace, a 75-unit low-income senior housing project to be built at 6570 West Avenue M in unincorporated Quartz Hill.

ADOPTED

Community Development Commission

5-D MAY 12, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

3. Authorize the Acting Executive Director to negotiate and execute the Loan Agreement and all related documents following approval as to form by County Counsel.
4. Authorize the Acting Executive Director to incorporate up to \$1,093,324, into the Commission's Fiscal Year 2008-2009 budget for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve a Loan Agreement with Lancaster RHF Housing, Inc. (Developer) to provide predevelopment, construction and permanent financing for Harshfield Terrace, a 75-unit low-income senior housing development.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The Commission will provide a 40-year loan of up to \$1,093,324 in HOME funds to the Developer, to be evidenced by a Promissory Note and secured by a Deed of Trust. The loan will accrue 3% simple annual interest, and will be repaid by residual receipts generated from operation of the Project, following approval by the U.S. Department of Housing and Urban Development (HUD).

The estimated total development cost of Harshfield Terrace is \$16,089,991. Other financing sources include \$10,139,706 in Section 202 Capital Advance Funds by HUD and \$4,856,961 in Developer equity.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Harshfield Terrace will consist of 75 units. Seventy-four of the units will be reserved for low-income seniors with household incomes not exceeding 50% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by HUD. The remaining unit will have no income restrictions and is reserved for the manager.

The Developer was selected in 1997 through an ongoing Request for Proposals (RFP) process. The Project's completion has been delayed because of a change to the Project type from an Independent Living development to a senior rental housing development. This change required a General Plan Amendment and consequently lengthened the entitlement process. Furthermore, as a result of the site's location on the Lancaster and Palmdale borders, the impact studies conducted for the senior development required a review by three local jurisdictions (County of Los Angeles, City

of Lancaster, and City of Palmdale). However, on March 24, 2009, the Project obtained full entitlements and the Developer is preparing to secure HUD's firm commitment, which will enable the start of construction.

The Project is being federally funded and is not subject to the requirements of the Greater Avenues for Independence (GAIN) Program, implemented by the County of Los Angeles. Instead, the Developer must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which required that employment and other economic opportunities generated by certain HUD assistance be directed to low and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Community Development Commission on May 27, 1999. Following the required public and agency comment period, HUD issued a Release of Funds for the Project on June 17, 1999.

Pursuant to the requirements of the California Environmental Quality Act (CEQA), and consistent with CEQA Guidelines, an Initial Study/Negative Declaration (IS/ND) was prepared by the Department of Regional Planning for the Harshfield Terrace Project. The Board of Supervisors' adoption of the IS/ND on February 24, 2009, and filing of a Notice of Determination, along with the Commission's findings as Responsible Agency, meets the requirements of CEQA.

The Environmental Review Record for this Project is available for viewing by the public during regular business hours at the Commission's main office, located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT

Approval of the Loan Agreement will facilitate the construction of senior housing and increase rental opportunities for low-income seniors within the Los Angeles County.

Respectfully submitted,


CORDE D. CARRILLO
Acting Executive Director

Attachments: 3

ATTACHMENT A
FINANCIAL ANALYSIS

Development Phase	Total	Per Unit Cost
<u>Sources:</u>		
HUD 202 Funds	\$10,139,706	\$135,196
LA County HOME Funds	\$1,093,324	\$14,577
Developer Equity	\$4,856,961	\$64,759
Total Financing	\$16,089,991	\$214,533

Permanent Phase	Total	Per Unit Cost
<u>Sources:</u>		
HUD 202 Funds	\$10,139,706	\$135,196
LA County HOME Funds	\$1,093,324	\$14,577
Developer Equity	\$4,856,961	\$64,759
Total Financing	\$16,089,991	\$214,533

STAFF USE ONLY

PROJECT NUMBER: R2005-03443-(5)
CASES: RPK 200500020
RZC 200500019
RCUP 200500221
RENV 200500195



COUNTY OF LOS ANGELES
DEPARTMENT OF REGIONAL PLANNING

GENERAL INFORMATION

I.A. Map Date: 4/21/05 Staff Member: Kim Szalay
Thomas Guide: 4104 D6 USGS Quad: Lancaster West
Location: 6709 Avenue M, Quartz Hill between 67th Street West and Bluefax Avenue.

Project Description: The applicant's request as depicted on the site plan includes a 75-unit housing project for very low income senior citizens. The single structure is three-stories and 35 feet in height (67,288 gross square feet in floor area). Paved areas including parking, walkways, and access comprise 73,724 square feet in area. Landscaping and open space include 60,433 square feet of area or 30% of net buildable area. Existing parking spaces (180 spaces) used by adjacent convalescent hospital and retirement community are proposed to be separated by lot line adjustment into parking for the project site (48 spaces including two handicapped spaces) and in the remaining parcel: parking (105 spaces), household storage units (30 units, 2,400 sq. ft.), and recreational vehicle (RV) parking spaces (30 spaces).

Gross Acres: 5 gross acres / 4.62 developable net site area

Environmental Setting: The proposed project is adjacent to an existing convalescent hospital (68 beds) and Senior retirement community (500 units) located to the east of the site. Single-family residences are located to the west. Vacant properties are to the north and south. The existing site is characterized by vacant property and parking for the retirement community and convalescent hospital (180 existing spaces). The site is primarily flat, sloping gently to the north. Vegetation on the vacant land is primarily non-native grasses and shrubs; shade trees are located in the parking lot (31 trees). No Oak trees are present. No significant species or cultural/historical resources are known to be present on the site.

Zoning: A-1-5 (Light Agricultural-Five Acres Minimum Required Area)

General Plan: N/A

Community/Area wide Plan: Antelope Valley Areawide General Plan - U3D (Urban 3-Design Standards), 15DU/AC

PROJECT NUMBER

CUP/PK 00-176

CUP/PK 97054

TR 31846

DESCRIPTION & STATUS

60 unit adult residential assisted living facility with 90 parking spaces

40 unit adult residential facility with shared parking

500 unit senior retirement housing tract

NOTE: For EIRs, above projects are not sufficient for cumulative analysis.

REVIEWING AGENCIES

Responsible Agencies

- None
- Regional Water Quality Control Board
 - Los Angeles Region
 - Lahontan Region
- Coastal Commission
- Army Corps of Engineers

Special Reviewing Agencies

- None
- Santa Monica Mountains Conservancy
- National Parks
- National Forest
- Edwards Air Force Base
- Resource Conservation District of Santa Monica Mtns.

Regional Significance

- None
- SCAG Criteria
- Air Quality
- Water Resources
- Santa Monica Mtns. Area

City of Lancaster

City of Palmdale

Trustee Agencies

None

State Fish and Game

State Parks

County Reviewing Agencies

Subdivision Committee

DPW:

Land Development

Waterworks/Sewer

Environmental Programs Division (solid waste)

Fire:

Environmental Review

Planning Division

Subdivision Division

Health Services:

IMPACT ANALYSIS MATRIX

ANALYSIS SUMMARY (See individual pages for details)

Less than Significant Impact/No Impact

					Less than Significant Impact with Project Mitigation	Potentially Significant Impact
CATEGORY	FACTOR	Pg				Potential Concern
HAZARDS	1. Geotechnical	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	2. Flood	6	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	3. Fire	7	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	4. Noise	8	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
RESOURCES	1. Water Quality	9	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	2. Air Quality	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	3. Biota	11	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	4. Cultural Resources	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	5. Mineral Resources	13	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	6. Agriculture Resources	14	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	7. Visual Qualities	15	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
SERVICES	1. Traffic/Access	16	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	2. Sewage Disposal	17	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	3. Education	18	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	4. Fire/Sheriff	19	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	5. Utilities	20	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
OTHER	1. General	21	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	2. Environmental Safety	22	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	3. Land Use	23	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	4. Pop/Hous./Emp./Rec.	24	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	5. Mandatory Findings	25	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

ENVIRONMENTAL FINDING

FINAL DETERMINATION: On the basis of this Initial Study, the Department of Regional Planning finds that this project qualifies for the following environmental document:

NEGATIVE DECLARATION, inasmuch as the proposed project will not have a significant effect on the environment.

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was determined that this project will not exceed the established threshold criteria for any environmental/service factor and, as a result, will not have a significant effect on the physical environment.

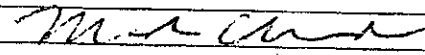
MITIGATED NEGATIVE DECLARATION, in as much as the changes required for the project will reduce impacts to insignificant levels (see attached discussion and/or conditions).

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was originally determined that the proposed project may exceed established threshold criteria. The applicant has agreed to modification of the project so that it can now be determined that the project will not have a significant effect on the physical environment. The modification to mitigate this impact(s) is identified on the Project Changes/Conditions Form included as part of this Initial Study.

ENVIRONMENTAL IMPACT REPORT*, inasmuch as there is substantial evidence that the project may have a significant impact due to factors listed above as "significant".

At least one factor has been adequately analyzed in an earlier document pursuant to legal standards, and has been addressed by mitigation measures based on the earlier analysis as described on the attached sheets (see attached Form DRP/IA 101). The EIR is required to analyze only the factors not previously addressed.

Reviewed by: Kim Szalay/ Anita Gutierrez (update) Date: January 19, 2006/ updated 10/16/08

Approved by:  Date: 10/16/08

Determination appealed – see attached sheet.

*NOTE: Findings for Environmental Impact Reports will be prepared as a separate document following the public hearing on the project.

HAZARDS - 1. Geotechnical

SETTING/IMPACTS

	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project located in an active or potentially active fault zone, Seismic Hazards Zone, or Alquist-Priolo Earthquake Fault Zone? <i>San Andreas Fault is approximately four miles to the south of the site.</i>
b.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area containing a major landslide(s)?
c.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area having high slope instability?
d.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site subject to high subsidence, high groundwater level, liquefaction, or hydrocompaction?
e.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposed project considered a sensitive use (school, hospital, public assembly site) located in close proximity to a significant geotechnical hazard?
f.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project entail substantial grading and/or alteration of topography including slopes of over 25%?
g.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project be located on expansive soil, as defined in Table 18-1-B of Uniform Building Code (1994), creating substantial risks to life or property?
h.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors?

STANDARD CODE REQUIREMENTS

Building Ordinance No. 2225 – Sections 308B, 309, 310, and 311 and Chapters 29 and 70

MITIGATION MEASURES / OTHER CONSIDERATIONS

Lot Size Project Design Approval of Geotechnical Report by DPW

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, geotechnical factors?

Less than significant with project mitigation Less than significant/No Impact

HAZARDS - 2. Flood

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the major drainage course, as identified on USGS quad sheets by a dashed line, located on the project site? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located within or does it contain a floodway, floodplain, or designated flood hazard zone? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in or subject to high mudflow conditions? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project contribute or be subject to high erosion and debris deposition from run-off? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project substantially alter the existing drainage pattern of the site or area? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors (e.g., dam failure)? |

STANDARD CODE REQUIREMENTS

- Building Ordinance No. 2225 - Section 308A Ordinance No. 12,114 (Floodways)
 Approval of Drainage Concept by DPW

MITIGATION MEASURES / OTHER CONSIDERATIONS

- Lot Size Project Design

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by flood (hydrological) factors?

- Less than significant with project mitigation Less than significant/No impact

HAZARDS - 3. Fire

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|---|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in a Very High Fire Hazard Severity Zone (Fire Zone 4)? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site in a high fire hazard area and served by inadequate access due to lengths, width, surface materials, turnarounds or grade? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site have more than 75 dwelling units on a single access in a high fire hazard area? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <i>The project proposes exactly 75 units and is not in a high fire hazard area.</i>
Is the project site located in an area having inadequate water and pressure to meet fire flow standards? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project located in close proximity to potential dangerous fire hazard conditions/uses (such as refineries, flammables, explosives manufacturing)? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the proposed use constitute a potentially dangerous fire hazard? |
| g. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD CODE REQUIREMENTS

- Water Ordinance No. 7834 Fire Ordinance No. 2947 Fire Regulation No. 8
 Fuel Modification/Landscape Plan

MITIGATION MEASURES / OTHER CONSIDERATIONS

- Project Design Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by fire hazard factors?

- Less than significant with project mitigation Less than significant/No impact

HAZARDS - 4. Noise

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located near a high noise source (airports, railroads, freeways, industry)? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the proposed use considered sensitive (school, hospital, senior citizen facility) or are there other sensitive uses in close proximity?
<i>The project is a very low income senior citizen housing project adjacent to other senior housing and care projects.</i> |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project substantially increase ambient noise levels including those associated with special equipment (such as amplified sound systems) or parking areas associated with the project? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels without the project? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD CODE REQUIREMENTS

- Noise Ordinance No. 11,778 Building Ordinance No. 2225—Chapter 35

MITIGATION MEASURES / OTHER CONSIDERATIONS

- Lot Size Project Design Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by noise?

- Less than significant with project mitigation Less than significant/No impact

RESOURCES - 1. Water Quality

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an area having known water quality problems and proposing the use of individual water wells? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the proposed project require the use of a private sewage disposal system? |
| | <input type="checkbox"/> | <input type="checkbox"/> | If the answer is yes, is the project site located in an area having known septic tank limitations due to high groundwater or other geotechnical limitations or is the project proposing on-site systems located in close proximity to a drainage course? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project's associated construction activities significantly impact the quality of groundwater and/or storm water runoff to the storm water conveyance system and/or receiving water bodies? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project's post-development activities potentially degrade the quality of storm water runoff and/or could post-development non-storm water discharges contribute potential pollutants to the storm water conveyance system and/or receiving bodies? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD CODE REQUIREMENTS

- | | |
|--|---|
| <input type="checkbox"/> Industrial Waste Permit | <input type="checkbox"/> Health Code – Ordinance No.7583, Chapter 5 |
| <input type="checkbox"/> Plumbing Code – Ordinance No.2269 | <input checked="" type="checkbox"/> NPDES Permit Compliance (DPW) |

MITIGATION MEASURES / OTHER CONSIDERATIONS

- Lot Size Project Design Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by, water quality problems?

- Less than significant with project mitigation Less than significant/No impact

RESOURCES - 2. Air Quality

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the proposed project exceed the State's criteria for regional significance (generally (a) 500 dwelling units for residential users or (b) 40 gross acres, 650,000 square feet of floor area or 1,000 employees for non-residential uses)? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the proposal considered a sensitive use (schools, hospitals, parks) and located near a freeway or heavy industrial use? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project increase local emissions to a significant extent due to increased traffic congestion or use of a parking structure or exceed AQMD thresholds of potential significance per Screening Tables of the CEQA Air Quality Handbook? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project generate or is the site in close proximity to sources that create obnoxious odors, dust, and/or hazardous emissions? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project conflict with or obstruct implementation of the applicable air quality plan? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation? |
| g. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under applicable federal or state ambient air quality standard (including releasing emission which exceed quantitative thresholds for ozone precursors)? |
| h. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD CODE REQUIREMENTS

Health and Safety Code – Section 40506

MITIGATION MEASURES / OTHER CONSIDERATIONS

Project Design Air Quality Report

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by, air quality?

- Potentially significant Less than significant with project mitigation Less than significant/No impact

RESOURCES - 3. Biota

SETTING/IMPACTS

	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located within Significant Ecological Area (SEA), SEA Buffer, or coastal Sensitive Environmental Resource (ESHA, etc.), or is the site relatively undisturbed and natural?
b.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will grading, fire clearance, or flood related improvements remove substantial natural habitat areas?
c.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is a major drainage course, as identified on USGS quad sheets by a blue dashed line, located on the project site?
d.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site contain a major riparian or other sensitive habitat (e.g. coastal sage scrub, oak woodland, sycamore riparian, woodland, wetland, etc.)?
e.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site contain oak or other unique native trees (specify kinds of trees)?
			<i>31 trees (not Oaks) are on the site.</i>
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is the project site habitat for any known sensitive species (federal or state listed endangered, etc.)?
			<i>Mostly disturbed habitat in between developed areas.</i>
g.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors (e.g., wildlife corridor, adjacent open space linkage)?

MITIGATION MEASURES / OTHER CONSIDERATIONS
 Lot Size Project Design ERB/SEATAC Review Oak Tree Permit

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, **biotic resources**?

Significant impact Less than significant with project mitigation Less than significant/No impact

RESOURCES - 4. Archaeological/Historical/Paleontological

SETTING/IMPACTS

- | | No | Maybe | |
|-----------------------------|-------------------------------------|--------------------------|---|
| a. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site in or near an area containing known archaeological resources or containing features (drainage course, spring, knoll, rock outcroppings, or oak trees) that indicate potential archaeological sensitivity? |
| b. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site contain rock formations indicating potential paleontological resources? |
| c. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site contain known historic structures or sites? |
| d. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project cause a substantial adverse change in the significance of a historical or archaeological resource as defined in 15064.5? |
| e. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? |
| f. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

- MITIGATION MEASURES / OTHER CONSIDERATIONS
- Lot Size Project Design Phase I Archaeology Report

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on archaeological, historical, or paleontological resources?

- Less than significant with project mitigation Less than significant/No impact

RESOURCES - 5. Mineral Resources

SETTING/IMPACTS

- | | No | Maybe | |
|-----------------------------|-------------------------------------|--------------------------|---|
| a. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? |
| b. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in the loss of availability of a locally important mineral resource discovery site delineated on a local general plan, specific plan or other land use plan? |
| c. <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |
-
-
-

MITIGATION MEASURES / OTHER CONSIDERATIONS

Lot Size Project Design

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on mineral resources?

- Less than significant with project mitigation Less than significant/No impact

RESOURCES - 6. Agriculture Resources

SETTING/IMPACTS

	YES	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency to non-agricultural use?
b.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project conflict with existing zoning for agricultural use, or a Williamson Act contract?
c.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project involve other changes in the existing environment that due to their location or nature, could result in conversion of Farmland, to non-agricultural use?
d.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors?

MITIGATION MEASURES / OTHER CONSIDERATIONS
 Lot Size Project-Design

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on agriculture resources?

Less than significant with project mitigation Less than significant/No impact

RESOURCES - 7. Visual Qualities

SETTING/IMPACTS

	No	Maybe	
a. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site substantially visible from or will it obstruct views along a scenic highway (as shown on the Scenic Highway Element), or is it located within a scenic corridor or will it otherwise impact the viewshed?
b. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project substantially visible from or will it obstruct views from a regional riding or hiking trail?
c. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an undeveloped or undisturbed area that contains unique aesthetic features?
d. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposed use out-of-character in comparison to adjacent uses because of height, bulk, or other features?
e. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project likely to create substantial sun shadow, light or glare problems?
f. <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors (e.g., grading or landform alteration)?

MITIGATION MEASURES / OTHER CONSIDERATIONS

Lot Size Project Design Visual Report Compatible Use

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on scenic qualities?

Less than significant with project mitigation Less than significant/No impact

SERVICES - 1. Traffic/Access

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|---|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project contain 25 dwelling units, or more and is it located in an area with known congestion problems (roadway or intersections)? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <i>The project proposes 75 units, but the area is not known to be congested.</i>
Will the project result in any hazardous traffic conditions? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project result in parking problems with a subsequent impact on traffic conditions? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will inadequate access during an emergency (other than fire hazards) result in problems for emergency vehicles or residents/employees in the area? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the congestion management program (CMP) Transportation Impact Analysis thresholds of 50 peak hour vehicles added by project traffic to a CMP highway system intersection or 150 peak hour trips added by project traffic to a mainline freeway link be exceeded? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project conflict with adopted policies, plans, or program supporting alternative transportation (e.g., bus, turnouts, bicycle racks)? |
| g. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

- MITIGATION MEASURES / OTHER CONSIDERATIONS
- Project Design Traffic Report Consultation with Traffic & Lighting Division

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on traffic/access factors?

- Less than significant with project mitigation Less than significant/No impact

SERVICES - 2. Sewage Disposal

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|---|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | If served by a community sewage system, could the project create capacity problems at the treatment plant?
<i>DPW was consulted, a Sewer Area Study dated March 13, 2007 was reviewed and approved no additional mitigation measures needed.</i> |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project create capacity problems in the sewer lines serving the project site?
<i>DPW was consulted, a Sewer Area Study dated March 13, 2007 was reviewed and approved no additional mitigation measures needed.</i> |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |
-
-

STANDARD CODE REQUIREMENTS

- Sanitary Sewers and Industrial Waste – Ordinance No. 6130
 Plumbing Code – Ordinance No. 2269

MITIGATION MEASURES / OTHER CONSIDERATIONS

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to sewage disposal facilities?

- Less than significant with project mitigation Less than significant/No impact

SERVICES - 3. Education

SETTING/IMPACTS

	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create capacity problems at the district level?
b.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create capacity problems at individual schools that will serve the project site?
c.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create student transportation problems?
d.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create substantial library impacts due to increased population and demand? <i>The DMS report indicates potential cumulative impacts, developer library impact fees may be required by County Library</i>
e.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors?

- MITIGATION MEASURES / OTHER CONSIDERATIONS
- Site Dedication Government Code Section 65995 Library Facilities Mitigation Fee

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to educational facilities/services?

- Less than significant with project mitigation Less than significant/No impact

SERVICES - 4. Fire/Sheriff Services

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|-------------------------------------|---|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Could the project create staffing or response time problems at the fire station or sheriff's substation serving the project site?
<i>Nearest fire station is 1.8 miles from the site. 1.5 miles is recommended for residential service. DMS report indicates potential cumulative impacts. Nearest sheriff's station is 10.1 miles from the site. Developer fee may be required.</i> |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Are there any special fire or law enforcement problems associated with the project or the general area? |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other factors? |

MITIGATION MEASURES / OTHER CONSIDERATIONS
 Fire Mitigation Fee

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to fire/sheriff services?

Less than significant with project mitigation Less than significant/No impact

SERVICES - 5. Utilities/Other Services

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|-------------------------------------|--|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is the project site in an area known to have an inadequate public water supply to meet domestic needs or to have an inadequate ground water supply and proposes water wells?
<i>Water supply capacity will require verification. Quartz Hill Water District supplies water to the location.</i> |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site in an area known to have an inadequate water supply and/or pressure to meet fire fighting needs? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project create problems with providing utility services, such as electricity, gas, or propane? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Are there any other known service problem areas (e.g., solid waste)? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services or facilities (e.g., fire protection, police protection, schools, parks, roads)? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD CODE REQUIREMENTS

- Plumbing Code – Ordinance No. 2269 Water Code – Ordinance No. 7834

MITIGATION MEASURES / **OTHER CONSIDERATIONS**

- Lot Size Project Design

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to utilities services?

- Less than significant with project mitigation Less than significant/No impact

OTHER FACTORS - 1. General

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project result in an inefficient use of energy resources? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project result in a major change in the patterns, scale, or character of the general area or community? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project result in a significant reduction in the amount of agricultural land? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |
-
-
-

STANDARD CODE REQUIREMENTS

State Administrative Code, Title 24, Part 5, T-20 (Energy Conservation)

MITIGATION MEASURES / OTHER CONSIDERATIONS

Lot Size Project Design Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to any of the above factors?

Less than significant with project mitigation Less than significant/No impact

OTHER FACTORS - 2. Environmental Safety

SETTING/IMPACTS

	No	Maybe	
a. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any hazardous materials used, transported, produced, handled, or stored on-site?
b. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any pressurized tanks to be used or any hazardous wastes stored on-site?
c. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any residential units, schools, or hospitals located within 500 feet and potentially adversely affected?
d. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Have there been previous uses that indicate residual soil toxicity of the site or is the site located within two miles downstream of a known groundwater contamination source within the same watershed?
e. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project create a significant hazard to the public or the environment involving the accidental release of hazardous materials into the environment?
f. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project emit hazardous emissions or handle hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?
g. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project be located on a site that is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or environment?
h. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in a safety hazard for people in a project area located within an airport land use plan, within two miles of a public or public use airport, or within the vicinity of a private airstrip?
i. <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?
j. <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other factors?

MITIGATION MEASURES / OTHER CONSIDERATIONS
 Toxic Clean-up Plan

CONCLUSION

Considering the above information, could the project have a significant impact relative to **public safety**?

Less than significant with project mitigation Less than significant/No impact

OTHER FACTORS - 3. Land Use

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|--|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Can the project be found to be inconsistent with the plan designation(s) of the subject property?
<i>The project qualifies for state affordable housing concessions including a density bonus and design concessions.</i> |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Can the project be found to be inconsistent with the zoning designation of the subject property? |
| c. | | | Can the project be found to be inconsistent with the following applicable land use criteria: |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Hillside Management Criteria? |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | SEA Conformance Criteria? |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project physically divide an established community? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

MITIGATION MEASURES / OTHER CONSIDERATIONS

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to land use factors?

- Less than significant with project mitigation Less than significant/No impact

OTHER FACTORS - 4. Population/Housing/Employment/Recreation

N/A

SETTING/IMPACTS

- | | No | Maybe | |
|----|-------------------------------------|--------------------------|---|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project cumulatively exceed official regional or local population projections? |
| b. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project induce substantial direct or indirect growth in an area (e.g., through projects in an undeveloped area or extension of major infrastructure)? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project displace existing housing, especially affordable housing? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project result in substantial job/housing imbalance or substantial increase in Vehicle Miles Traveled (VMT)? |
| e. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project require new or expanded recreational facilities for future residents? |
| f. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere? |
| g. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other factors? |

MITIGATION MEASURES / OTHER CONSIDERATIONS

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to population, housing, employment, or recreational factors?

- Less than significant with project mitigation Less than significant/No impact

MANDATORY FINDINGS OF SIGNIFICANCE

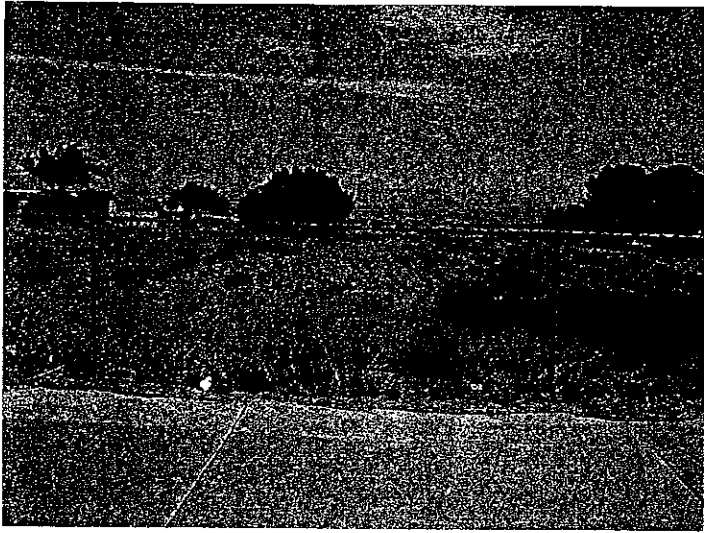
Based on this Initial Study, the following findings are made:

- | | No | Maybe | |
|----|-------------------------------------|-------------------------------------|---|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Does the project have possible environmental effects that are individually limited but cumulatively considerable? "Cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.
<i>Cumulative impacts on water supply, sewage, solid waste, library, and fire response time are uncertain.</i> |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the environmental effects of the project cause substantial adverse effects on human beings, either directly or indirectly? |

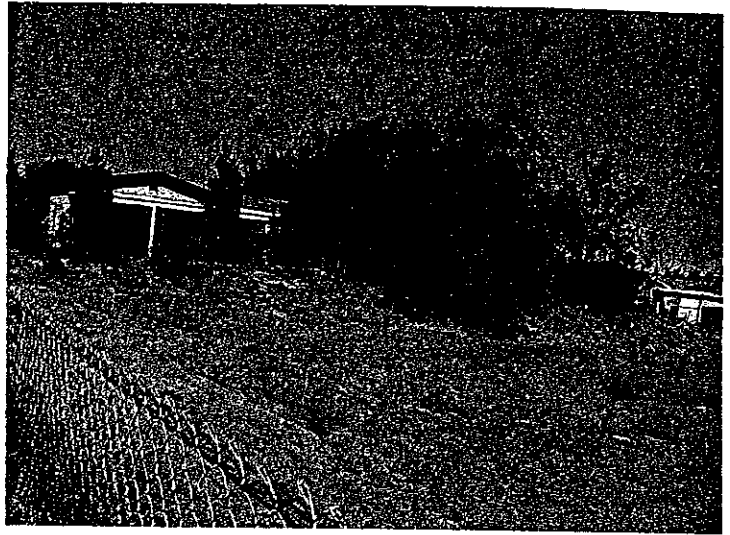
CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the environment?

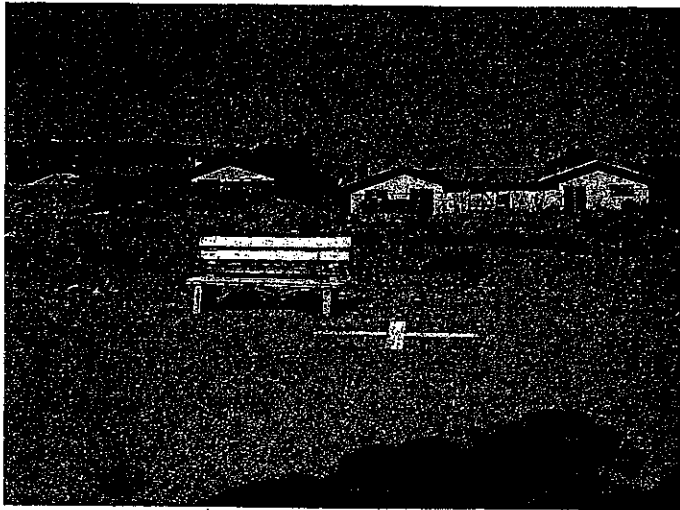
- Less than significant with project mitigation Less than significant/No impact



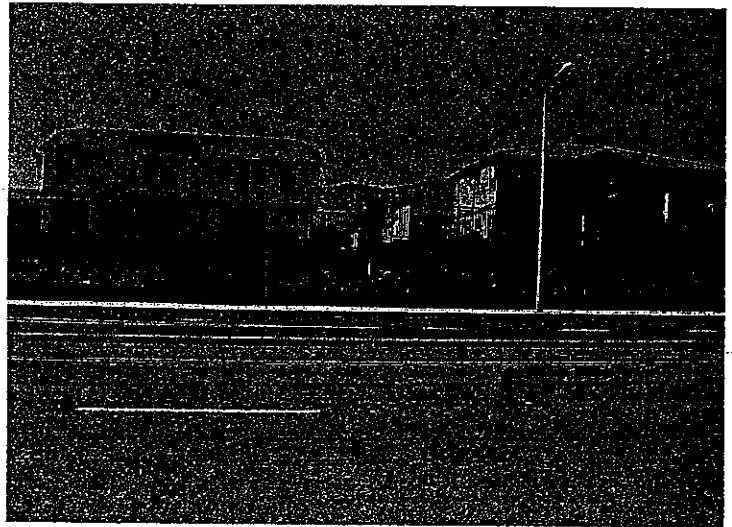
Looking North from Sidewalk



To the North-West



Looking to the West



To the South Directly across the street from subject property



Los Angeles County Department of Regional Planning
 320 West Temple Street
 Los Angeles, California 90012
 Telephone (213) 974-6443
PROJECT NUMBER R2005-03443-(5)
ZONE CHANGE NUMBER 200500019
CONDITIONAL USE PERMIT NUMBER 200500221
HOUSING PERMIT NUMBER 200800002

PUBLIC HEARING DATE
11/24/2008

AGENDA ITEM

RPC CONSENT DATE

CONTINUE TO

APPLICANT Mayflower Gardens Health Foundation	OWNER Mayflower Retirement Housing Foundation	REPRESENTATIVE Ronald Cargill
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ENTITLEMENT REQUEST

- Zone Change:** To change the Zoning from A-1-5 (Light Agriculture - 5 acre minimum lot size) zone to R-3-DP (Limited Multiple Residence with a Development Program);
- Conditional Use Permit:** To authorize the construction, maintenance and operation of 75-unit Senior Citizen development in the R-3-DP (Limited Multiple Residence with a Development Program) zone;
- Housing Permit:** To allow for a 50% density bonus.

PROJECT DESCRIPTION
 The proposed project would consist of 75 units contained in a three story building for senior citizen residents with 48 on-site parking spaces provided

LOCATION/ADDRESS
 6709 Avenue M, Quartz Hill

SITE DESCRIPTION
 The site is currently vacant and partially being used as a parking lot

ACCESS from Avenue M	ZONED DISTRICT Quartz Hill
--------------------------------	--------------------------------------

ASSESSORS PARCEL NUMBER 3204-016-066	COMMUNITY Antelope Valley
--	-------------------------------------

SIZE 3.34 Acres	COMMUNITY STANDARDS DISTRICT N/A
---------------------------	--

	EXISTING LAND USE	EXISTING ZONING
Project Site	Parking lot	A-1-5 (Light Agriculture - 5 acre minimum lot size)
North	Vacant	RPD-10000-13U (Residential planned development)
East	Retirement community/Convalescent Hospital	R-3 (Limited multiple residence)
South	Single-Family homes	City of Palmdale
West	Single-Family homes	RPD-10000-13U (Residential planned development)

COMMUNITY PLAN Antelope Valley	LAND USE DESIGNATION U3D - Urban 3	MAXIMUM DENSITY 6.7 to 15.0 du/ac
--	--	---

ENVIRONMENTAL DETERMINATION
 Negative Declaration

RPC LAST MEETING ACTION SUMMARY

LAST RPC MEETING DATE	RPC ACTION	NEEDED FOR NEXT MEETING
MEMBERS VOTING AYE	MEMBERS VOTING NO	MEMBERS ABSTAINING/ABSENT

TO BE COMPLETED ONLY ON CASES TO BE HEARD BY THE BOARD OF SUPERVISORS

STAFF CONTACT PERSON: Anita Gutierrez		
RPC HEARING DATE(S) November 24, 2008	RPC ACTION DATE November 24, 2008	RPC RECOMMENDATION Approve
MEMBERS VOTING AYE 4	MEMBERS VOTING NO 0	MEMBERS ABSTAINING 0
STAFF RECOMMENDATION (PRIOR TO HEARING): Approval		
SPEAKERS* (O) 8 (F) 0	PETITIONS (O) 0 (F) 0	LETTERS (O) 0 (F) 29

*(O) = Opponents (F) = In Favor

LOAN AGREEMENT
HOME PROJECT NO. HE0097

by and between the

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

and

LANCASTER RHF HOUSING, INC.
a California Nonprofit Public Benefit Corporation

for a loan in the principal amount of

\$1,093,324

June __, 2009

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LOAN AGREEMENT

(HOME FUND – PROJECT HE0097)

Transaction Summary

Project Name: Harshfield Terrace

Borrower Name: Lancaster RHF Housing, Inc.

Limited Partnership LLC Nonprofit Public Benefit Corporation Other _____

HOME Fund Loan Amount: \$ 1,093,324 Interest Rate: 3% simple

Default Rate: 10% or Federal Default rate as determined by HUD at the date of initial closing, whichever is lower.

Repayment term: 40 years (Concurrent with term of HUD Capital Advance)

Affordability Term: 55 years

Repayment type: [50%] share of residual receipts

Total Number of Units in Project: 75 Location (Jurisdiction): Quartz Hill Area

Incorporated Unincorporated Site Acreage: 3.341 acres Bldg Sq. Feet: 64,300

Project Type: HUD 202 Senior Rental (age 62 and older) HUD 811 Special Needs Rental

Use of HOME Loan Funds: Acquisition Predevelopment Construction Permanent

No./size of HOME units, income levels: HOME units.

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
50% Income*		74				74
Manager			1			1
Totals		74	1			75

* Area Median Income

Other Project Financing Sources / Priority Relative to Commission Loan:

(1) HUD 202 Funds \$10,139,706 senior junior parity/NA
(2) _____ \$ senior junior parity/NA
(3) _____ \$ senior junior parity/NA

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

THIS LOAN AGREEMENT (“Agreement”) is made as of the _____ day of June, 2008 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (“Commission”), and Lancaster RHF Housing, Inc, a California nonprofit public benefit corporation(listed in the Transaction Summary above) (“Borrower”). Commission and Borrower are sometimes referred to collectively herein as the “Parties” and each individually as a “Party”.

RECITALS

A. WHEREAS, Borrower desires to borrow the principal amount of up to ONE MILLION NINETY THREE THOUSAND THREE HUNDRED TWENTY FOUR DOLLARS (\$1,093,324) (the “HOME Loan”) from the Commission for the purpose of providing financing for the predevelopment and construction of seventy-five (75) senior rental units (the “Project”) described in the Transaction Summary above, and as more particularly described in this Agreement. The Commission’s source of funding for the HOME Loan is provided from the HOME Investment Partnerships Program, 24 CFR Part 92 (“HOME”). The Project will be developed on a site commonly known as Harshfield Terrace with a street address of 6705 W. Avenue M, Quartz Hill, CA (“Site”), legally described on Exhibit “B” to this Agreement. A detailed Project description is attached hereto as Exhibit “F”, and reduced site plans and elevations for the Project are attached as Exhibit “G”.

B. WHEREAS, other sources of financing for the Project are anticipated to include, but may not be limited to (i) mortgage financing (“HUD Capital Advance”) provided by the U.S. Department of Housing and Urban Development (“HUD”) as part of the Section 202 or Section 811 programs, to which Commission shall expressly subordinate the lien of Commission’s HOME Deed of Trust; (ii) financing junior in priority to the lien of the Commission’s HOME Deed of Trust as listed in the Transaction Summary above (“Junior Financing”); and (iii) other financing sources listed in the Transaction Summary above (“Other Financing”).

C. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for seniors of very low income as described in the Transaction Summary above. The Project will provide supportive services to the extent described in Section 7 below and in Exhibit “N”.

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

E. WHEREAS, the Commission desires to make the HOME Loan to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

L O A N A G R E E M E N T

1.0 HOME LOAN.

Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the HOME Loan to Borrower, to be used solely for the purposes described herein. Commission acknowledges that the HOME Loan funds are to pay for costs not included within the HUD Capital Advance, as outlined in the Proposed Budget attached hereto as Exhibit "H". In the event Borrower secures financing in excess of that which is necessary to achieve complete construction of the Project, the Commission reserves the right to receive from Borrower a payment on the Note referred to in Section 2 of such excess amount, if approved by HUD.

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT.

2.1 Note.

As one of the conditions to disbursement of the HOME Loan to Borrower under Section 6 below, Borrower shall execute a HOME Promissory Note (the "Note") in the form of Exhibit "C" attached hereto, which Note sets forth terms and conditions for the repayment of the HOME Loan. The Note shall be secured by the "Deed of Trust" as provided below.

2.2 Basic Interest.

The disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty (360) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("Default Rate").

2.3 Payment Dates and Amounts.

As set forth in greater detail in the Note, Borrower shall repay the HOME Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on the 15th day of March of each calendar year for the previous fiscal year, commencing on March 15, 2011. Absent prepayment or acceleration, each of the annual payments due March 15, 2011 through and including March 15, 2051 ("Maturity Date"), which shall in no event be earlier than the maturity date of the HUD Capital Advance, shall be in an amount equal to fifty percent (50%) of "Residual Receipts" (as defined in the Note) provided that during the term of the HUD Capital Advance Documents (defined as the HUD Note, Deed of Trust, Regulatory Agreement, Use Agreement, Capital Advance Agreement and Project Rental Assistance contract) no Residual Receipts as defined in the HUD Regulatory Agreement may be paid except with prior HUD written approval. Residual Receipts shall be calculated and reported to Commission annually for each fiscal year no later than March 15th of the following calendar year on forms specified and provided by Commission from time to time. All calculations and records are subject to audit by Commission. Notwithstanding any other provision of the Note or this Agreement, unless due sooner, the entire outstanding principal balance of the HOME Loan together with any outstanding interest and any other sums payable under the Note shall be due and payable in full on the Maturity Date.

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

2.4 Payments Due on Transfer or Refinance.

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

3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any "Event of Default" as set forth in Section 15 below, the entire outstanding principal balance of the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower. Notwithstanding anything to the contrary herein, Commission shall not cause the payment schedule to be accelerated during the term of the HUD Capital Advance Documents without the prior written consent of HUD.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS.

At any time after the disbursement of the HOME Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the HOME Loan and accrued interest and any other sums outstanding without penalty, provided such payment is from Residual Receipts as approved by HUD, or is from non-project funds. Borrower hereby agrees and understands that the prepayment of the Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 9, 10, and 11 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding HOME Loan principal or interest thereon) due under the Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" of ten percent (10%) per annum (simple interest), if any, then toward outstanding interest accrued at the basic rate of three percent (3%) per annum (simple interest), if any, and finally toward the remaining principal balance under the Note.

5.0 SECURITY AND SOURCE OF PAYMENT.

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

Except to the extent any Event of Default hereunder, as described in Section 15, results directly or indirectly from any willful misconduct, fraud or intentional and material misrepresentation by Borrower in

connection with this Agreement or the HOME Loan, the HOME Loan is a nonrecourse obligation of Borrower and in the event of the occurrence of an Event of Default, Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Commission as security for repayment of the HOME Loan such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the HOME Loan.

6.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN.

6.1 Except to the extent Commission's Executive Director directs in writing that some or all of the disbursement and/or deliveries shall occur outside of Escrow, disbursement of the HOME Loan proceeds in accordance with this Agreement, delivery of the executed Note to Commission, and recordation of the Deed of Trust and other HOME Loan Documents (as defined in Section 6.2(e) below) to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by Commission. Borrower shall obtain Commission's approval of an Escrow Holder and open Escrow not later than one hundred eighty (180) days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

6.2 The obligation of Commission to make disbursements of HOME Loan proceeds under this Agreement shall be expressly subject to satisfaction of all of the following conditions (collectively, the Closing Conditions) on or before the date ("Closing Deadline") outlined in the Schedule of Performance, attached hereto as Exhibit "O".

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

(b) Borrower's due execution and deposit into Escrow of the HOME Promissory Note in the form attached hereto as Exhibit "C";

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

(d) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the Deed of Trust, in the form attached hereto as Exhibit "D";

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

(f) LandAmerica Commercial Services ("Title Company") shall have assured the

Commission in writing that upon recordation of the Deed of Trust there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.1, 103.3, 103.5 103.7 and 116 and such other endorsements as the Commission shall reasonably require) issued by the Title Company in the amount of the HOME Loan, insuring the Commission's interest in the Property as beneficiary under the Deed of Trust, and specifically insuring that the lien of the Deed of Trust and the CC&Rs against the Property are subject only to the HUD Capital Advance and any exceptions to title applicable to the Property which were expressly approved in writing by the Commission (collectively with the HUD Capital Advance Documents, "Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) Borrower, the Commission, and any lender, creditor or lienholder with respect to the Junior Financing and Other Financing which is of record in the Los Angeles County Recorder's office (if applicable) have each duly executed (with notary acknowledgment) and deposited into Escrow for recordation at the Close of Escrow a subordination agreement ("Subordination Agreement") in the form attached hereto as Exhibit "M", confirming the senior lien priority of the Commission's Deed of Trust;

(h) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the HUD Capital Advance, Other Financing, or Junior Financing, and Borrower has demonstrated to the satisfaction of the Commission Executive Director (or his designee) that all financing sources for development and operation of the Project, including but not limited to Borrower's equity, are or will be available in sufficient amounts to provide for full and timely completion and ongoing operation of the Project;

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

(j) Borrower shall have obtained Commission's written approval of a supplemental instruction to Escrow Holder specifying the applicable payees and uses of Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement.

(k) Borrower shall have furnished Commission with a certification from the holders of any of the HUD Capital Advance certifying that such holders consent to the Loan and that Borrower is not in default under any loan comprised within the HUD Capital Advance.

(l) Borrower shall have furnished Commission with certificates of insurance evidencing the coverages required by Section 9.8 below.

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

to bind the respective entities, including Borrower, to the terms hereof and thereof;

(n) Not as a Closing Condition, but at least one hundred twenty (120) days prior occupancy and prior to the commencement of tenant selection for the Project, Borrower shall have obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available. The marketing plan submitted to, and approved by, HUD shall be accepted by Commission.

(o) Borrower has provided the Commission affirmative action and community business enterprise plans in form satisfactory to the Commission;

(p) Borrower shall have furnished and obtained the Commission's approval of an operating plan and a Management Plan the Project. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision at the time the Certificate of Occupancy is issued, any such revision must be approved by the Commission at its sole discretion;

(q) Borrower shall have entered into a contract ("Construction Contract") for the Project development with a form, amount and contractor ("General Contractor") approved by HUD. A copy of such Construction Contract shall be furnished to Commission. Borrower shall submit plans and specifications to Commission and adhere to all other requirements of Exhibit "L", Construction Requirements, that are applicable prior to the commencement of construction. In addition, Borrower shall comply with the insurance and bonding procedures of that of Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions, as defined in Section 9.1 below. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding \$100,000. Satisfaction of the HUD 202 program requirements for bonding shall be deemed to satisfy the requirements of this section.

(r) Borrower shall have certified and demonstrated to Commission that it has completed all discretionary processes and obtained all discretionary approvals (but not necessarily a building permit) from the jurisdiction where the Property is located and from any other governmental entity with permitting authority over the Project, necessary for the development of the Project in accordance with the plans and specifications ("Plans") referenced in the Construction Contract

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

(i) causing the Deed of Trust, the CC&Rs and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;

(ii) delivering the executed original Note to the Commission;

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

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

Commission acknowledges that its Loan proceeds must be disbursed before any HUD Capital Advance funds are disbursed.

6.5 Except as otherwise approved by the Commission's Executive Director, the Close of Escrow shall occur concurrently with or immediately prior to the closings for the HUD Capital Advance and the Junior Financing. Notwithstanding any other provision, Escrow Holder shall in no event disburse proceeds of the HOME Loan (other than to Commission) unless and until the closings for the HUD Capital Advance have had final HUD approvals and an Escrow has been opened.

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

7.0 SUPPORTIVE SERVICES .

As an additional condition to obtaining the HOME Loan, Borrower shall execute and deliver to the Commission on or before the funding of the HOME Loan, a Supportive Services Agreement that identifies services as referenced in the approved HOME Application and its amendments, as set forth in the form attached hereto as Exhibit "N".

As more particularly provided therein, Exhibit "N" sets forth Borrower's obligation to provide supportive services for residents of the Project. Failure to comply with the terms of Exhibit "N" prior to expiration of any applicable notice and cure period will be deemed to be a default under this Agreement. Compliance by Borrower with the requirements of the HUD Section 202 program during the term of the HUD Capital Advance Documents shall be deemed to satisfy the requirements of this Section, and in the event of a conflict, HUD requirements shall prevail.

8.0 PURPOSE OF HOME LOAN.

The HOME Loan proceeds shall be used by Borrower only to provide financing for the Project. In no event shall Borrower use or otherwise invest the proceeds of the HOME Loan except as expressly provided in this Agreement.

The HOME Loan proceeds shall be used by Borrower as financing for predevelopment and construction costs for the Project which are not paid for out of the HUD Capital Advances. Provided that the Borrower is in full compliance with this Agreement and with the terms of the HUD Capital Advance Documents, this Loan shall automatically convert to permanent financing for the Project, using the same terms and conditions outlined herein. In no event shall Borrower use or otherwise invest the proceeds of the HOME Loan except as expressly provided in this Agreement.

9.0 COVENANTS OF BORROWER.

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

9.1 Compliance with Laws.

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 12, below; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

9.2 Revenue Disclosures.

Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Borrower's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports.

Borrower agrees to provide Commission with copies of all reports, summaries, statements and correspondence to HUD which relate to this project. Upon written request from Commission during the Term, Borrower agrees to provide, within fourteen (14) working days, or make available for inspection, any additional information not available in the abovementioned HUD reports, which may reasonably be required by Commission to determine the Borrower's compliance with this Agreement. During the construction phase, however, Borrower agrees to provide reasonable access to the work site or to make information and records available for inspection as reasonably requested by Commission with at least twenty four (24) hours notice so that Commission may determine Borrower's compliance with this Agreement and/or evaluate a construction-related question.

9.4 Indemnification.

The Commission, the Housing Authority of the County of Los Angeles, the County of Los Angeles, and each of their elected and appointed officers, officials, representatives, employees, and agents are hereinafter collectively referred to as "Public Agencies."

Except as otherwise set forth below, Borrower agrees to indemnify and hold harmless the Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the Project, Property, Site, Loans, Industry Funds, or the acts, errors, or omissions of Borrower and its employees, representatives, consultants, subcontractors, agents and any other

entity for which Borrower is responsible (hereinafter “Borrower’s Agents”). Borrower shall not be required to indemnify Public Agencies from any Claims that arise from Public Agencies’ sole negligence or willful misconduct. Borrower further agrees, separate and apart from the above duty to indemnify, to defend, at its sole cost and expense, the Public Agencies from and against any and all Claims, alleged against any or all of the Public Agencies, relating to the Project, Property, Site, HOME Loan, or the acts, errors, or omission of Borrower or Borrower’s Agents. This duty to defend shall commence immediately upon Commission giving Borrower notice of the alleged Claims. Borrower agrees to incorporate this language into any contracts it enters into with any entities relating to the Project, Property, Site, HOME Loan, in favor of Public Agencies.

In the event that Borrower provides construction services in relation to the construction of the Project, with respect to those construction services, Borrower agrees to indemnify and hold harmless Public Agencies from and against any and all Claims that arise out of, pertain to, or relate to the Project or the construction services of Borrower. Borrower shall not be required to indemnify and hold harmless Public Agencies from any Claims that arise from the active negligence, sole negligence or willful misconduct of Public Agencies, Public Agencies’ agents, servants, or independent contractors who are directly responsible to Public Agencies. Borrower further agrees, separate and apart from the above duty to indemnify, to defend, at its sole cost and expense, the Public Agencies from and against any and all Claims, alleged against any or all of the Public Agencies, relating to the Project or the construction services of Borrower or Borrower’s Agents. This duty to defend shall commence immediately upon Commission giving Borrower notice of the alleged Claims.

In the event that Borrower contracts with another entity (hereinafter “Construction Entity”) for construction services to be provided in relation to the construction of the Project (hereinafter “Borrower-Construction Entity Contract”), Borrower agrees that language at least equivalent to the following shall be incorporated in its contract with Construction Entity in favor of Public Agencies: Construction Entity agrees to indemnify and hold harmless Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney’s fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as “Claims”), that arise out of, pertain to, or relate to the Project or the construction services of Construction Entity, its employees, representatives, consultants, subcontractors, agents, or any other entity for which Construction Entity is responsible. Construction Entity shall not be required to indemnify and hold harmless Public Agencies from any Claims that arise from the active negligence, sole negligence or willful misconduct of Public Agencies, Public Agencies’ agents, servants, or independent contractors who are directly responsible to Public Agencies. Construction Entity further agrees, separate and apart from the above duty to indemnify, to defend, at its sole cost and expense, the Public Agencies from and against any and all Claims, alleged against any or all of the Public Agencies, relating to the Project or the construction services of Construction Entity, its employees, representatives, consultants, subcontractors, agents, or any other entity for which Construction Entity is responsible. This duty to defend shall commence immediately upon Public Agencies giving Construction Entity notice of the alleged Claims. This indemnification clause shall remain in full force and effect following the expiration of the term of this Borrower-Construction Entity Contract.

In the event that Borrower provides design professional services in relation to the Project, Borrower agrees to indemnify and hold harmless Public Agencies from and against any and all Claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Borrower. Borrower further agrees, separate and apart from the above duty to indemnify, to defend, at its sole cost and expense, the Public Agencies from and against any and all Claims, alleged against any or all of the Public Agencies that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Borrower or Borrower’s Agents. This duty to defend shall commence immediately upon Commission giving Borrower notice of the alleged Claims.

In the event that Borrower contracts with another entity (hereinafter "Design Professional Entity") for design professional services to be provided in relation to the Project (hereinafter "Borrower-Design Professional Contract"), Borrower agrees that language at least equivalent to the following shall be incorporated in the Borrower-Design Professional Contract in favor of Public Agencies, if such contract is entered into subsequent to the execution date of this agreement: Design Professional Entity agrees to indemnify and hold harmless Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Design Professional Entity, its employees, representatives, consultants, subcontractors, agents, or any other entity for which Design Professional Entity is responsible. Design Professional Entity further agrees, separate and apart from the above duty to indemnify, to defend, at its sole cost and expense, the Public Agencies from and against any and all Claims, alleged against any or all of the Public Agencies that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Design Professional Entity, its employees, representatives, consultants, subcontractors, agents, or any other entity for which Design Professional Entity is responsible. This duty to defend shall commence immediately upon HACOLA giving Design Professional Entity notice of the alleged Claims. This indemnification clause shall remain in full force and effect following the expiration of the term of this Borrower-Design Professional Contract.

These indemnification provisions shall remain in full force and effect and survive the cancellation, termination and/or expiration of this Agreement. Borrower agrees to require any entities with which it contracts to agree to and abide by the above mentioned indemnification requirements in favor of the Public Agencies, as applicable to each of them.

The Public Agencies reserve the right, at their sole and absolute discretion, to amend at any time the insurance and indemnity provisions contained herein.

9.5 Audit by State and Federal Agencies.

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

9.6 Program Evaluation and Review.

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

9.7 Hazardous Materials.

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the

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

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

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

9.8 Insurance.

Community Development Commission and the Housing Authority of the County of Los Angeles are hereinafter collectively referred to as "Public Agencies". Without limiting Borrower's indemnifications of the Public Agencies provided in this Agreement, Borrower and/or the entities with which Borrower contracts, shall procure and maintain at their own expense the insurance described in this section for the duration of this Agreement, unless otherwise set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to the Public Agencies certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this agreement, but no later than 40 days following execution of this agreement. Borrower shall deliver satisfactory evidence of issuance of property insurance and worker's compensation insurance described below at such time that such exposures are at risk, but in no event later than the Close of Escrow. Borrower shall deliver satisfactory evidence of issuance of Professional Liability Coverage once the Design Professionals are hired for the Project or Borrower begins to provide professional services, whichever comes first. (For purpose of these insurance requirements and indemnity provisions, Design Professionals shall include, but not be limited to, the following: architects, structural engineers, civil engineers, geotechnical engineers and environmental consultants.) The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Public Agencies reserve the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Public Agencies and may provide for such deductibles as may be acceptable to the Public Agencies. In the event such insurance does not provide for deductibles or self-insurance, Borrower agrees that it and/or the entities with which it contracts, will defend, indemnify and hold harmless the Public Agencies, its elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that the Public Agencies are to be given at least thirty (30) days' written notice in advance of any cancellation or any reduction in limit(s) for any policy of insurance required herein. Borrower shall give the Public Agencies immediate notice of any insurance claim or loss which may be covered by insurance.

Borrower represents and warrants that the insurance coverage required herein will also be provided by Borrower's general contractors, subcontractors, and Design Professionals, as detailed below. All certificates of insurance and additional insured endorsements shall carry the following identifier [Harshfield Terrace at 6705 W Avenue, Quartz Hill, CA].

The aforementioned insurance policies shall be primary insurance with respect to the Public Agencies. The aforementioned insurance policies shall contain a waiver of subrogation for the benefit of the Public Agencies. Failure on the part of Borrower and/or any entities with which Borrower contracts, including, but not limited to any Design Professionals and general contractors, to procure or maintain the insurance coverage required herein shall constitute a material breach of this Agreement pursuant to which the Public Agencies may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Public Agencies, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Public Agencies shall be immediately repaid by the Borrower to the Public Agencies upon demand including interest thereon at the Default Rate. In the event of such a breach, the Public Agencies shall have the right, at its sole election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier. Borrower's failure to assert or delay in

asserting any claim shall not diminish or impair the Public Agencies' rights against the Borrower or the insurance carrier.

When Borrower is naming the Public Agencies as additional insureds on any of the commercial general liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 10 01. When any entity, with which Borrower is contracting, is naming the Public Agencies as additional insureds on any of the commercial general liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85.

The following insurance policies shall be maintained by Borrower and any entity with which Borrower contracts for the duration of this Agreement unless otherwise set forth herein:

(1) Commercial General Liability:

a. For projects in which the direct construction costs are projected to be less than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Borrower shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$3,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Borrower shall further require its general contractor to provide additional insured status for Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Borrower shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Borrower shall further require all tiers of its subcontractors shall to provide additional insured status in favor of the Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

b. For projects in which the direct construction costs are projected to be greater than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Borrower shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Borrower shall further require its general contractor to provide additional insured status for Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Borrower shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Borrower shall further require all tiers of its subcontractors to provide additional insured status in favor of the Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

c. For projects in which the direct construction costs are projected to be greater than

\$25,000,000, the Public Agencies may determine at their sole discretion that an increased amount of Commercial General Liability insurance may be required both from the Borrower and the General Contractor. This will be determined on a situational basis.

(2) Professional Liability:

a. For projects in which the direct construction costs are projected to be less than \$15,000,000, Borrower shall require that the following professional liability insurance coverage language be incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Said insurance shall be maintained for a period of not less than four (4) years after a COO has been obtained by Borrower with respect to the Property and Borrower has provided Public Agencies with evidence of such. In the event that Borrower provides any professional services, Borrower shall be required to maintain the professional liability insurance set forth above.

b. For projects in which the direct construction costs are projected to be greater than \$15,000,000, Borrower shall require that the following professional liability insurance coverage language be incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Said insurance shall be maintained by Design Professional for a period of not less than four (4) years after a certificate of occupancy (“COO”) has been obtained by Borrower with respect to the Property and Borrower has provided Public Agencies with evidence of such. In the event that Borrower provides any professional services, Borrower shall be required to maintain the professional liability insurance set forth above.

(3) Property Insurance: Based upon the specifics of the Project, the Public Agencies have the right to require Borrower to obtain “Special Form” property insurance as follows:

a. “Special Form” property insurance coverage shall include, without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, flood, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a “co-insurance” clause. If a coinsurance waiver is not commercially available at reasonable rates, “Public Agencies” may waive this requirement. Said insurance shall be maintained for the duration of this Agreement. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy.

(4) Workers’ Compensation: Borrower's employees, if any, shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits up to One Million Dollars (\$1,000,000) per accident. Borrower shall require that the identical worker’s compensation insurance requirements be incorporated into Borrower’s contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Borrower, whichever is greater.

(5) Automobile Liability: Combined single limit automobile liability insurance up to One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned (if any), non-owned and hired vehicles. Borrower shall require that the identical automobile liability insurance requirements be incorporated into Borrower's contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Borrower, whichever is greater. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policies.

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

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

PROJECT: HARSHFIELD TERRACE
ADDRESS: 6705 W. AVENUE M, QUARTZ HILL, CA
PROJECT NO. HE0097

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

9.9 Financial Statements; Tax Returns.

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

A copy of the annual financial statement of Borrower required by HUD shall be furnished to Commission and shall satisfy the foregoing requirements of this section.

9.10 Other Loans.

Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the HUD Capital Advance, the Junior Financing and the Other Financing. Borrower shall provide to Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants

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

9.11 Construction Requirements.

Following the Close of Escrow, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and achieve “Completion of the Project” no later than eighteen (18) months following the Close of Escrow, subject to extension for up to an additional 12 months to the extent of force majeure delays beyond Borrower’s reasonable control. “Completion of the Project” shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower’s approved funding application to Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission’s review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) evidence satisfactory to Commission that the statutory period for the filing of mechanics’ liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit “L”, Construction Requirements, and shall conform to the layout and design represented in Borrower’s approved application for the HOME Loan Program. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

9.12 Relocation Requirements.

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

9.13 Environmental Conditions.

Borrower shall comply with any NEPA or CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project,

attached hereto as Exhibit “K”.

9.14 Design Standards

Borrower agrees that projects determined to be eligible for a loan of HOME Funds are required to utilize the Commission’s Design Guidelines and participate in the Commission’s Design Review Process. The Borrower agrees to conform to the Process and timelines as required by the Commission and as set forth in Exhibit “T”.

Borrower agrees that in the event the Design Review Process is completed prior to completion or execution of this Agreement, the approved construction plans and specifications are to be referenced by name, date of approval and page numbers.

Furthermore, Borrower agrees that if significant changes are made to a Commission-approved design during the design or construction phases, the Commission may elect to reduce or rescind the loan commitment or reduce the Developer fee.

10.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

10.1 Limitations on Tenants.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the fifty five (55) year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the number of dwelling units and, with respect to the units designated to be assisted as consideration for the HOME Loan (“Assisted Units”), the tenant income levels specified in the Transaction Summary above and in this Section 10.1.. All Assisted Units, which shall comprise not less than seventy four (74) units at the Project, shall be rented only at an “Affordable Housing Cost” to persons (“Eligible Persons”) of “Very-Low Income” as specified in the Transaction Summary above and otherwise defined in this Section 10.1. Assisted Units shall be dispersed throughout the Project, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units which are not Assisted Units. The covenants described in this Section 10.1 shall remain in effect notwithstanding the repayment of the Loan by Borrower prior to the Maturity Date.

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

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate for the Assisted unit.

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

In addition, the Project shall be operated exclusively as senior citizen housing, in which all Assisted Units shall be occupied only by persons who are a “senior citizen” or “qualified permanent resident” as defined by Cal. Civil Code Section 51.3.

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

Compliance by Borrower with the requirements of the HUD Section 202 or 811 program during the term of the HUD Capital Advance Documents shall be deemed to satisfy the requirements of this section and, in the event of a conflict, HUD requirements shall prevail.

10.2 Tenant Selection Process; Reports and Records Concerning Tenancies.

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by Commission to monitor compliance with the tenanting requirements described in Section 10.1 above, including without limitation the requirement that Borrower deliver reports to Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by Commission to certify such Borrower's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

Compliance by Borrower with the requirements of the HUD Section 202 or 811 program during the term of the HUD Capital Advance Documents shall be deemed to satisfy the requirements of this section and, in the event of a conflict, HUD requirements shall prevail.

10.3 Management of Project.

Subject to the terms and conditions contained herein below, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Commission's written approval of a management contract ("Management Contract") entered into between Borrower and an entity ("Management Entity") acceptable to Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and Commission. Borrower shall promptly terminate any Management

Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

This section is not applicable during the term of the HUD Capital Advance Documents.

10.4 Operations and Maintenance.

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

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

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

10.5 Affirmative Marketing.

Borrowers shall outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply, and other efforts designed to attract persons from the total eligible population. Borrower shall register the units on the County-supported internet-based listing service being managed by housing.lacounty.gov, in addition to following other Affirmative Action Requirements outlined in Exhibit "P". During the term of the HUD Capital Advance Documents, satisfaction of the Commission marketing requirements shall not conflict with the HUD 202 Program Requirements; in the event, that a Commission requirement conflict.,the HUD requirement shall prevail and be deemed to satisfy the requirements set forth by this section.

11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall

Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

11.1 Form of Nondiscrimination and Nonsegregation Clauses.

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

(a) In deeds: " Except as otherwise required by the HUD Section 811 or 202 program rental requirements, the grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: " Except as otherwise required by the HUD Section 811 or 202 program rental requirements, the lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Borrowers, lessees, sublessees, subBorrowers, or vendees in the land herein leased."

(c) In contracts: " Except as otherwise required by the HUD Section 811 or 202 program rental requirements, there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the premises."

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

12.0 COMMISSION REQUIREMENTS

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

13.0 INDEPENDENT CONTRACTOR.

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

14.0 ASSIGNMENT OF THIS AGREEMENT.

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

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

Any proposed transferee shall also meet HUD requirements under the HUD Section 202/811 Capital Advance Documents. Notwithstanding anything in this section to the contrary, so long as the Project contemplated by this Agreement is encumbered by a HUD Deed of Trust and/or Regulatory Agreement, any proposed transferee or assignee must have the prior written consent of HUD.

Notwithstanding anything in this Section 14 to the contrary, the Borrower shall at all times have the right to convey the Site to HUD or its transferee, and, during the term of the HUD Capital Advance Documents, so long as any portion of the HUD Section 202/811 Capital Advance Documents remain outstanding and the HUD Regulatory Agreement is in effect, Commission shall approve any sale, transfer, conveyance or assignment of the Site that first has been approved in writing by HUD; provided, however, that in the event of such sale, transfer, conveyance or assignment, the Developer shall not be released from any obligation under this Agreement without the prior written consent of Commission, including without limitation the obligation to pay all principal and accrued interest of the HOME Fund Loan.

15.0 EVENTS OF DEFAULT AND REMEDIES.

15.1 Borrower Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration

of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

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

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafterwith the cure completed in any event within one hundred eighty (180) days after the notice.. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 15.1(c) through 15.1(g) below;

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

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

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

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

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 14.0 above or Section 28.0 below; or

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

15.2. Commission Remedies.

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

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

(b) Subject to the nonrecourse provisions of Section 5 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the Note, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith;

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

(d) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default described in Section 15.1(d) or 15.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

(e) During the term of the HUD Capital Advance Documents, Commission shall not exercise any of the remedies set forth in Section 15.2 without the prior written approval of HUD. Any monies due Commission by Borrower during the term of the HUD Capital Advance Documents shall be payable only from Residual Receipts as defined in the HUD Regulatory Agreement and subject to the prior written approval of HUD.

15.3. No Remedy Exclusive.

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

15.4. Commission Default and Borrower Remedies.

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

- (a) Demand and obtain payment from Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

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

16.0 RIGHT OF ACCESS AND INSPECTION.

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

or provisions of this Agreement.

17.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

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

18.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

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

19.0 EXECUTION OF COUNTERPARTS.

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

20.0 NOTICES.

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

If to Commission: Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (562) 890-8576

With a copy to: Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (562) 890-8576

If to Borrower: Lancaster RHF Housing, Inc.
911 N. Studebaker Road
Long Beach, CA 90815-4900
Attn: Florence Webb, Development Project Manager
Fax No. (562) 493-7042

With a copy to:

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii)

the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

21.0 SEVERABILITY.

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

22.0 INTERPRETATION.

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

23.0 NO WAIVER; CONSENTS.

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

24.0 APPLICABLE POLICIES.

24.1 Governing Law.

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

24.2 Compliance with Laws.

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

24.3 HOME Program and Federal Requirements.

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

25.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to Commission that:

25.1 Organization and Standing.

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

25.2 Enforceability.

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

25.3. Authorization and Consents.

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

25.4 Due and Valid Execution.

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

25.5. Licenses.

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

25.6 Litigation and Compliance.

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

25.7 Default.

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

25.8 No Violations.

The execution and delivery of this Agreement, the Note, and all other documents executed or

given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

25.9 No Affiliation With Lenders.

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

26.0 APPROVALS.

Any consent to a transfer under Section 14 or 30 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

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

27.0 GOOD FAITH AND FAIR DEALING.

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

28.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

28.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the HOME Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 14.0 hereof, if applicable, without Borrower obtaining any further consent from Commission. Borrower hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

28.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing,

facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 28 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the HOME Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 29. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the HOME Loan Documents accruing subsequent such effective date.

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

28.4 The provisions of this Section 28 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

28.5 Notwithstanding anything in this section to the contrary, so long as the Project contemplated by this Agreement is encumbered by a HUD Deed of Trust and/or Regulatory Agreement, any proposed transferee or assignee must have the prior written consent of HUD.

28.6 Notwithstanding anything in this Section 28 to the contrary, the Borrower shall at all times have the right to convey the Site to HUD or its transferee, and, during the term of the HUD Capital Advance Documents, so long as any portion of the HUD Section 202/811 Capital Advance Documents remain outstanding and the HUD Regulatory Agreement is in effect, Commission shall approve any sale, transfer, conveyance or assignment of the Site that first has been approved in writing by HUD; provided, however, that in the event of such sale, transfer, conveyance or assignment, the Developer shall not be released from any obligation under this Agreement without the prior written consent of Commission, including without limitation the obligation to pay all principal and accrued interest of the HOME Loan.

29.0 ACCESS AND RETENTION OF RECORDS.

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

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 10.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

(Continued on next page)

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

COMMISSION:

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

By: _____
CORDÉ D. CARRILLO, Acting Executive Director

APPROVED AS TO FORM:
RAYMOND J. FORTNER, County Counsel

By: _____
Deputy

BORROWER:

LANCASTER RHF HOUSING, INC.
a California Nonprofit Public Benefit Corporation

By: _____
DEBORAH J. STOUFF, Secretary

TABLE OF EXHIBITS

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EXHIBIT "A" TO LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS
(HOME LOAN - PROJECT NO. HE0097)

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

Affordable Housing Cost (Section 10.1)
Agreement (Preamble)
Annual Statement (Section 9.9)
Applicable Governmental Restrictions (Section 9.1)
Applicable Percentage (Section 2.4)
Area Medium Income (Section 10.1)
Assignment (Section 2.4)
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Basic Rate (Section 2.2)
Borrower (Preamble)
CC&Rs (Section 6.2(3))
Claims (Section 9.4)
Close of Escrow (Section 6.3)
Closing Conditions (Section 6.2)
Closing Deadline (Section 6.2)
Commission (Preamble)
Completion of the Project (Section 9.11)
Construction Contract (Section 6.2(11))
County (Section 9.11)
Deed of Trust (Section 5)
Default Rate (Section 2.2)
Eligible Persons (Section 10.1)
Escrow (Section 6.1)
Escrow Holder (Section 6.1)
Event of Default (Section 15.1)
General Contractor (Section 6.2(i))
Gross Rents (Section 9.9)
Hazardous Materials (Section 9.7)
HOME (Recital A)
HOME Loan (Recital A)
Junior Financing (Recital B)
Loan (Recital A)
Loan Documents (Section 6.2(e))
Management Contract (Section 10.3)
Management Entity (Section 10.3)
Manager (Section 10.3)
Maturity Date (Section 2.3)
Net Proceeds (Section 2.4)
Net Refinancing Proceeds (Section 2.4)
Note (Section 2.1)

Other Financing (Recital B)
Parties (Preamble)
Party (Preamble)
Permitted Senior Encumbrances (Section 6.2(f))
Plans (Section 10.4)
Project (Recital A)
Property (Section 5)
Refinancing (Section 2.4)
Residual Receipts (Section 2.3)
Senior Financing (Recital B)
Site (Recital A)
Subordination Agreement (Section 6.2(g))
Term (Section 2.3)
Title Company (Section 6.2(f))
Transfer (Section 29.1)
Transfer Documents (Section 29.2)
Transfer Notice (Section 29.2)
Very Low-Income Households (Section 10.1)

Operating Expenses (Section 9.9)

EXHIBIT "B" TO LOAN AGREEMENT

SITE LEGAL DESCRIPTION
(HOME LOAN - PROJECT NO. HE0097)

PARCEL 'A'

That portion of the South Half of the Southwest Quarter of Section 34 Township 7 North, Range 13 West, San Bernardino Meridians of Los Angeles County, according to the Official Plat, described as follows:

Commencing at the intersection of the centerline of Avenue M and the southerly prolongation of the westerly line of Tract No.26565, as per map recorded in Book 673 Pages 25 and 26 and also the westerly line of Tract No.31846, as per map in Book 1015 Pages 3 and 4, both in the Unincorporated Territory of the County of Los Angeles, State of California; thence northerly along said southerly prolongation, N00E52'04"W 50.00 feet to the northerly line of Avenue M, a 90.00 feet wide street as shown on said Tract No.26565 and Tract No.31846. Said Point being the True Point of Beginning; thence continuing northerly along said westerly line of Tract No. 31846, N00E52'04"W 441.00 feet; thence westerly S89E51'00"W 330.03 feet to the easterly line Tract No.32942 as per map recorded in Book 966 Pages 16 thru 18 inclusive and Tract No.32941 as per map recorded in Book 931 Pages 60 thru 63 inclusive, both in the Unincorporated territory of the County of Los Angeles, State of California; thence southerly along the easterly line of said Tract No.32942 and Tract No.32941 ; S00E52'04"E 441.00 feet to the northerly line of said Avenue M; thence easterly along the northerly line of said Avenue M, N89E51'00" 330.03 feet to the True Point of Beginning .

Area = 3.341 Acres

EXHIBIT "C" TO LOAN AGREEMENT

RESIDUAL RECEIPTS NOTE
(HOME LOAN - PROJECT NO. HE0097)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

SECTION 202/811

RESIDUAL RECEIPTS NOTE
Nonprofit Mortgagors

(HOME LOAN - PROJECT NO. HE0097)

For value received, LANCASTER RHF HOUSING, the undersigned maker, promises to pay to COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES ("Payee") the principal sum of One million ninety three thousand three hundred twenty four dollars (\$1,093,324) or so much thereof as may be advanced, at 2 Coral Circle, Monterey Park, California, with interest on the outstanding balance at the rate of three percent (3%) per annum*, which shall not be compounded, subject to the following conditions and limitations:

- (1) Principal and interest on this note shall be due and payable on the maturity date of the note and deed of trust held by the Secretary of Housing and Urban Development ("Secretary") financing HUD Project No. 122-EE195-WAH-NP/CA16-S041-005, provided that if the aforesaid note is prepaid in full, the holder of this note, at its option and without notice, may declare the whole principal sum or any balance thereof, together with interest thereon*, immediately due and payable.
- (2) Prepayments to principal and interest on this note may be made only from the Residual Receipts fund, as that term is defined in the Regulatory Agreement between the maker and Secretary executed in connection with the above project, and only after obtaining the prior written approval of the Secretary. Such prepayments may be made only after final closing on the note by the Secretary and after the end of a semiannual or an annual fiscal period.
- (3) This note is non-negotiable and may not be sold, transferred, assigned, or pledged by the Payee except with the prior written approval of the Secretary.
- (4) This note is made and delivered in payment of costs not included in the Capital Advance.
- (5) See HOME Fund Rider TO HUD Residual Receipts Note attached and made a part hereof.

Presentation, demand and notice of demand, non-payment and protest of this note are waived.

Executed this ____ day of _____, 20____.

(Continued on next page)

Attest:

LANCASTER RHF HOUSING, INC.
a California Nonprofit Public Benefit Corporation

By: _____
DEBORAH J. STOUFF, Secretary

The payee hereby certifies that this a bona fide transaction and that it fully understands all the requirements of this note, and that no prepayment of principal or interest shall be accepted without evidence that the Secretary has authorized such prepayment. If an unauthorized prepayment is accepted, the funds shall be held by the payee in trust for the project.

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

By: _____
CORDÉ D. CARRILLO, Acting Executive Director

*Not to exceed the highest permissible rate established by the Secretary.

HOME FUND RIDER TO HUD RESIDUAL RECEIPTS NOTE
(HOME LOAN - PROJECT NO. HE0097)

This rider supplements and is a part of that certain Residual Receipts Note (“Note”) executed _____, 20__ by Lancaster RHF Housing, Inc. (“Borrower”) in favor of the Community Development Commission of the County of Los Angeles (“Commission”) in the principal sum of \$1,093,324.

1. **Security and Source of Payment.** The Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (“Deed of Trust”) between Borrower and the Commission of even date herewith. Except to the extent of any fraud or material misrepresentation by Borrower, the Note shall not be a personal obligation of Borrower, and the Commission’s only recourse under the Deed of Trust shall be against the property described therein, the proceeds thereof, the rents and other income arising from its use, and any other collateral given to the Commission as security for repayment of the Note.

2. **Mandatory Residual Receipts Payments.** Until the maturity date, on March 15th of each year in which amounts remain outstanding under the Note, Borrower shall pay to the Commission an amount equal to fifty percent (50%) of all sums (including interest thereon) deposited during the preceding calendar year into the residual receipts fund, as that term is defined in the Regulatory Agreement between the maker and the Secretary. Any such payments to the Commission shall be made only after obtaining prior written approval from the Secretary and Borrower shall cooperate with the Commission in seeking such approval.

3. **Acceleration on Transfer or Default.** The entire amount of principal and interest under the Note may at the Commission’s election in its sole discretion become immediately due and payable upon the occurrence of any of the acceleration events (“Events of Acceleration”) described in paragraphs 3.a. through 3.h below; provided, however, that any such election by the Commission shall be made only after obtaining prior written approval from the Secretary, and Borrower shall cooperate with the Commission in seeking such approval. The Events of Acceleration are the following:

- a. Borrower’s failure to perform any monetary covenant or obligation under the Note, the Deed of Trust, or any of the “Loan Documents” (as defined in the Deed of Trust), without curing such failure within ten (10) days after receiving written notice of such default.
- b. Borrower’s failure to perform any non-monetary covenant or obligation under the Note, the Deed of Trust, or any of the “Loan Documents” (as defined in the Deed of Trust), without curing such failure within thirty (30) days after receiving written notice of such default.
- c. The material falsity of any representation or breach of any warranty made by Borrower under any of the Loan Documents.
- d. Borrower or any constituent member, partner or majority shareholder of Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated bankrupt or insolvent, or (v) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof, an answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding.

- e. Without the application, approval or consent of Borrower, a proceeding shall be instituted in respect of Borrower or any constituent member, partner, or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian of Borrower or a substantial part of Borrower's assets, or other like relief under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days.
- f. Voluntary cessation of the "Project" (as defined in the Loan Documents) for a continuous period of more than thirty (30) days, or the involuntary cessation of the operation of the Project in accordance with the Loan Documents for a continuous period of more than sixty (60) days.
- g. Borrower shall suffer or attempt to effect a "Transfer" (as defined in the Loan Documents) in violation of the Loan Documents.
- h. Borrower shall be in default under the terms of the HUD Capital Advance, Junior Financing, or Other Financing (as such terms are defined in the Loan Documents) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

4. Default Interest. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when otherwise due shall bear interest at the rate of 10% per annum or the rate set forth in the HUD Note, simple interest, from the date due until the date paid, whichever is lower. In the event of a conflict between this Rider and the Residual Receipts Note, the Residual Receipts Note shall control.

5. Attorneys' Fees. In the event that either Borrower or the Commission brings any action or files any proceeding in connection with the enforcement of its rights hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out of pocket expenditures paid by the losing party, including fees and expenditures in connection with any appeal or post-judgment proceedings to enforce the judgment.

6. General Provisions. Time is of the essence in the performance of each covenant of Borrower under the Note. Each party has been represented by legal counsel in the negotiation of the Note, and it shall not be interpreted in favor of or against any party on account of relative responsibilities in drafting. Notwithstanding any other provision of the Note, the Note shall not be construed to require Borrower to pay interest at a rate in excess of the highest applicable rate permitted by law. Any waiver by the Commission of any provision of the Note must be express and in writing signed by an authorized the Commission official.

(Continued on next page)

THIS RIDER IS EXECUTED AND AGREED BY:

LANCASTER RHF HOUSING, INC.
a California Nonprofit Public Benefit Corporation

By: _____
DEBORAH J. STOUFF, Secretary

EXHIBIT "D" TO LOAN AGREEMENT

DEED OF TRUST
(HOME LOAN - PROJECT NO. HE0097)

OFFICIAL BUSINESS

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

Recording Requested by and When Recorded Mail To:

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

Above Space For Recorder's Use Only

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

(HOME LOAN - PROJECT NO. HE0097)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 20____, by and between Lancaster RHF Housing, Inc., a California Nonprofit Public Benefit Corporation ("Trustor") whose address is 911 N. Studebaker Road, Long Beach, CA 90815; LandAmerica Commercial Services ("Trustee"); and the Community Development Commission of the County of Los Angeles, a public body corporate and politic ("Beneficiary").

R E C I T A L S

A. Beneficiary is making a loan to Trustor in the original principal amount of One Million Ninety Three Thousand Three Hundred Twenty Four Dollars (\$1,093,324) (the "Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of _____, 20____. The Loan is evidenced by a residual receipts note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

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

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

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

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

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

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

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

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

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

and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

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

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

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

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

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

- (1) performance of each agreement of Trustor herein contained or incorporated herein by reference;
- (2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;
- (3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the other "Loan Documents" (as defined in the Loan Agreement), and any extension, renewal or modification of such Loan Agreement and other Loan Documents;

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

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

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

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note.

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

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

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

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

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

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured

hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

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

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

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

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

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

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

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

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

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

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

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

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

17. Covenants of Trustor.

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

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

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

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

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

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

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

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

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 14 or 30 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

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

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

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

fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

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

22. Assumption of Liability. Except as provided in Section 33 , the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

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

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

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

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

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

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

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

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

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

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

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

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan Agreement), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 14.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

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

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

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

ADDITIONAL PROVISIONS RELATED TO HUD FINANCING OF THE PROJECT

In accordance with the Loan Agreement dated _____, 20____, the Project is expected to receive funding from HUD in the form of HUD 202 or HUD 811 funds. If, and only if, the Project does receive HUD funding, the following provisions shall apply for the term of the HUD Capital Advance Documents, as defined in the Loan Agreement.

34. This Deed of Trust is second and junior in lien to a deed of trust made by Trustor in favor of the Secretary of HUD (“Secretary”) recorded concurrently herewith securing a Capital Advance made by the Secretary pursuant to Section 811 of the Cranston-Gonzalez National Affordable Housing Act or Section 202 of the Housing Act of 1959, as amended, and to a Regulatory Agreement and Use Agreement between Trustor and the Secretary with respect to the Property referred to herein.

35. During the period the HUD Regulatory Agreement or Use Agreement is in effect, Beneficiary shall not declare or record a formal notice of default under this deed of trust without the prior written approval of HUD.

36. In the event that during the period the HUD Regulatory Agreement or Use Agreement is in effect, the Secretary acquires title to the Property by foreclosure or by deed in lieu of foreclosure, or otherwise, the lien of this Deed of Trust shall automatically terminate.

37. This Deed of Trust shall not be modified during the period the HUD Regulatory Agreement or Use Agreement is in effect without the prior written approval of the Secretary.

38. During the period the HUD Regulatory Agreement or Use Agreement is in effect, in the event of any conflict between any provisions of this Deed of Trust and the Cranston-Gonzalez National Affordable Housing Act or the Housing Act of 1959, as amended, HUD regulations, or the HUD Regulatory Agreement, this Deed of Trust shall be deemed amended to comply with said Act, regulations and HUD Regulatory Agreement.

39. Approval by the Secretary of a Transfer of Physical Assets (“TPA”) of the Project referred to in the Note secured by this Deed of Trust shall constitute approval of the TPA by the Beneficiary.

40. During the term of the HUD Regulatory Agreement, the Beneficiary shall not exercise the remedies provided in Sections 19, 20, and 29 hereof without the prior written approval of HUD.

(Continued on next page)

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

TRUSTOR:

Lancaster RHF Housing, Inc.
a California Nonprofit Public Benefit Corporation

By: _____
DEBORAH J. STOUFF, Secretary

BENEFICIARY:

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

By: _____
CORDÉ D. CARRILLO, Acting Executive Director

APPROVED AS TO FORM:

RAYMOND J. FORTNER, County Counsel

By: _____
Deputy

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

On _____ before me, _____, Notary Public, 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 PURJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

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

On _____ before me, _____, Notary Public, 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 PURJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

ATTACHMENT 1

LEGAL DESCRIPTION

PARCEL 'A'

That portion of the South Half of the Southwest Quarter of Section 34 Township 7 North, Range 13 West, San Bernardino Meridians of Los Angeles County, according to the Official Plat, described as follows:

Commencing at the intersection of the centerline of Avenue M and the southerly prolongation of the westerly line of Tract No.26565, as per map recorded in Book 673 Pages 25 and 26 and also the westerly line of Tract No.31846, as per map in Book 1015 Pages 3 and 4, both in the Unincorporated Territory of the County of Los Angeles, State of California; thence northerly along said southerly prolongation, N00E52'04"W 50.00 feet to the northerly line of Avenue M, a 90.00 feet wide street as shown on said Tract No.26565 and Tract No.31846. Said Point being the True Point of Beginning; thence continuing northerly along said westerly line of Tract No. 31846, N00E52'04"W 441.00 feet; thence westerly S89E51'00"W 330.03 feet to the easterly line Tract No.32942 as per map recorded in Book 966 Pages 16 thru 18 inclusive and Tract No.32941 as per map recorded in Book 931 Pages 60 thru 63 inclusive, both in the Unincorporated territory of the County of Los Angeles, State of California; thence southerly along the easterly line of said Tract No.32942 and Tract No.32941 ; S00E52'04"E 441.00 feet to the northerly line of said Avenue M; thence easterly along the northerly line of said Avenue M, N89E51'00" 330.03 feet to the True Point of Beginning .

Area = 3.341 Acres

EXHIBIT "E" TO LOAN AGREEMENT

CC&RS
(HOME LOAN - PROJECT NO. HE0097)

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

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

(Space Above Line for Recorder's use)

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

COVENANTS, CONDITIONS, AND RESTRICTIONS
(HOME LOAN - PROJECT NO. HE0097)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS (“Agreement”) is executed as of the ___ day of _____, 20___ by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (“Commission”), and LANCASTER RHF HOUSING, INC., a California Nonprofit Public Benefit Corporation (“Owner”), with reference to the following:

A. The Commission and Owner are parties to a Loan Agreement (“Loan Agreement”) dated as of the ___ day of _____, 20___, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of One Million Ninety Three Thousand Three Hundred Twenty Four Dollars (\$1,093,324) (the “Loan”) for the purpose of providing financing for the housing development described in the Loan Agreement (the “Project”). The Project will be developed on a site legally described on Exhibit “A” to this Agreement (the “Site”).

B. The Project has received a reservation or commitment of funds from the U.S. Department of Housing and Urban Development (“HUD”) as part of the HUD 202 or HUD 811 programs. This program has a forty (40) year compliance period (the “HUD Compliance Period”) which shall run concurrently with the Commission agreement for the term of the HUD Compliance Period (the Commission “Compliance Period”).

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

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

- (1) Use of the Property.

Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the fifty-five (55) year term of this Agreement (“Term”) commencing on the date of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of developing and operating the Project as a residential rental development consisting of seventy five (75) dwelling units, which shall be operated in accordance with the terms of this Agreement. Of the 75 total dwelling units in the Project, 74 units (the “HOME Assisted Units”) shall be income-restricted and rented only at an “Affordable Housing Cost” (as defined below) to “Very Low Income Households” as hereinafter defined (persons within such group occasionally referred to as “Eligible Persons”).

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

In addition, the Project shall be operated exclusively as senior citizen housing, in which all HOME Assisted Units shall be occupied only by persons who are a “senior citizen” or “qualified permanent resident” as defined by Cal. Civil Code Section 51.3.

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

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate for the Assisted unit.

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

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

The covenants described in this Agreement shall remain in effect through the fifty five (55) year term ("Term") of this Agreement, notwithstanding the earlier repayment of the Loan by Owner.

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

b. Owner shall provide certain supportive services for residents of the Project in accordance with the requirements of the HUD Section 202 program.

c. Compliance by Owner with the requirements of the HUD Section 202 program during the term of the HUD Capital Advance Documents shall be deemed to satisfy the requirements of this section, and in the event of a conflict, HUD requirements shall prevail.

"HUD Capital Advance Documents" shall mean the HUD Note, Deed of Trust, Regulatory Agreement, Use Agreement, Capital Advance Agreement and Project Rental Assistance Contract.

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

This Section 2 shall not be applicable during the term of the HUD Capital Advance Documents.

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

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

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

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

(4) [Intentionally omitted]

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

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

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

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

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

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

(6) Covenants Run With the Land; Duration of Covenants. The covenants and agreements established in this CC&Rs shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the Commission and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term, notwithstanding the repayment of the Loan by Owner prior to the Maturity Date. The covenants contained in Section 6 of this Agreement shall remain in effect in perpetuity.

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

These CC&R's are subject to and subordinate to the lien of a deed of trust securing a Capital Advance in favor of HUD and to Regulatory Agreement and to a Use Agreement, both in favor of HUD.

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

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

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

Without limiting Owner's indemnifications of the Commission provided in this Agreement, Owner and/or the entities with which Owner contracts, shall procure and maintain at their own expense the insurance described in this section for the duration of this Agreement, unless otherwise set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Insurers (hereinafter “LESLI”). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Owner shall, concurrent with the execution of this Agreement, deliver to the Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Agreement, but no later than 40 days following execution of this Agreement. Owner shall deliver satisfactory evidence of issuance of property insurance and worker's compensation insurance described below at such time that such exposures are at risk, but in no event later than the Close of Escrow. Owner shall deliver satisfactory evidence of issuance of Professional Liability Coverage once the Design Professionals are hired for the Project or Owner begins to provide professional services, whichever comes first. (For purpose of these insurance requirements and indemnity provisions, Design Professionals shall include, but not be limited to, the following: architects, structural engineers, civil engineers, geotechnical engineers and environmental consultants.) The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Commission and may provide for such deductibles as may be acceptable to the Commission. In the event such insurance does provide for deductibles or self-insurance, Owner agrees that it and/or the entities with which it contracts, will defend, indemnify and hold harmless the Commission, its elected and appointed officers, officials, representatives, employees, and agents in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that the Commission are to be given at least thirty (30) days' written notice in advance of any cancellation or any reduction in limit(s) for any policy of insurance required herein. Owner shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance. Owner represents and warrants that the insurance coverage required herein will also be provided by Owner's general contractors, subcontractors, and Design Professionals, as detailed below. All certificates of insurance and additional insured endorsements shall carry the following identifier [Harshfield Terrace at 6705 W Avenue, Quartz Hill (Lancaster), CA].

The aforementioned insurance policies shall be primary insurance with respect to the Commission. The aforementioned insurance policies shall contain a waiver of subrogation for the benefit of the Commission. Failure on the part of Owner and/or any entities with which Owner contracts, including, but not limited to any Design Professionals and general contractors, to procure or maintain the insurance coverage required herein shall constitute a material breach of this Agreement pursuant to which the Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Commission shall be immediately repaid by the Owner to the Commission upon demand including interest thereon at the Default Rate. In the event of such a breach, the Commission shall have the right, at its sole election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier. Owner's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Owner or the insurance carrier.

When Owner is naming the Commission as additional insureds on any of the commercial general liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 10 01. When any entity, with which Borrower is contracting, is naming the Commission as additional insureds on any of the commercial general liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85.

The following insurance policies shall be maintained by Borrower and any entity with which Owner contracts for the duration of this Agreement unless otherwise set forth herein:

(a) Commercial General Liability:

For projects in which the direct construction costs are projected to be less than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Commission and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Borrower shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$3,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Borrower shall further require its general contractor to provide additional insured status for Owner and Commission and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Owner shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Owner shall further require all tiers of its subcontractors shall to provide additional insured status in favor of the Owner and Commission and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

For projects in which the direct construction costs are projected to be greater than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Commission and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Owner shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Owner shall further require its general contractor to provide additional insured status for Owner and Commission and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Owner shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Owner shall further require all tiers of its subcontractors to provide additional insured status in favor of the Owner and Commission and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

For projects in which the direct construction costs are projected to be greater than \$25,000,000, the Commission may determine at their sole discretion that an increased amount of Commercial General Liability insurance may be required both from the Owner and the General Contractor. This will be determined on a situational basis.

(b) Professional Liability:

For projects in which the direct construction costs are projected to be less than \$15,000,000, Borrower shall require that the following professional liability insurance coverage language be incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Said insurance shall be maintained for a period of not less than four (4) years after a certificate of occupancy ("COO") has been obtained by Owner with respect to the Property and Owner has provided Commission with evidence of such. In the event that Owner provides any professional services, Owner shall be required to maintain the professional liability insurance set forth above.

For projects in which the direct construction costs are projected to be greater than \$15,000,000, Owner shall require that the following professional liability insurance coverage language be incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Said insurance shall be maintained by Design Professional for a period of not less than four (4) years after a COO has been obtained by Owner with respect to the Property and Owner has provided Commission with evidence of such. In the event that Owner provides any professional services, Owner shall be required to maintain the professional liability insurance set forth above.

(c) Property Insurance: Based upon the specifics of the Project, the Commission has the right to require Owner to obtain "Special Form" property insurance as follows:

“Special Form” property insurance coverage shall include, without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, flood, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a “co-insurance” clause. If a coinsurance waiver is not commercially available at reasonable rates, “Commission” may waive this requirement. Said insurance shall be maintained for the duration of this Agreement. The Commission and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy.

(d) Workers' Compensation: Owner's employees, if any, shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits up to One Million Dollars (\$1,000,000) per accident. Owner shall require that the identical worker's compensation insurance requirements be incorporated into Borrower's contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Owner, whichever is greater.

(e) Automobile Liability: Combined single limit automobile liability insurance up to One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned (if any), non-owned and hired vehicles. Owner shall require that the identical automobile liability insurance requirements be incorporated into Owner's contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Owner, whichever is greater. The Commission and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policies.

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

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

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

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

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

(11) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default in accordance with Section 14(e) hereof. The defaulting party shall no longer be in default if the defaulting party cures such default within thirty (30) days after receiving the Default Notice; provided, however, that if such default cannot be reasonably cured within such thirty (30) day period, the defaulting party shall be given such longer period as reasonably necessary (which in the case of a default by Owner shall be as reasonably determined by the Commission) and the defaulting party shall no longer be in default if it commences to cure such default within such thirty (30) day period and completes such cure with reasonable and due diligence.

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

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

(13) Intentionally Left Blank.

(14) Miscellaneous Provisions.

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

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

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

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

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

If to the Commission: Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

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

If to Owner: Lancaster RHF Housing, Inc.
911 N. Studebaker Road
Long Beach, CA 90815-4900
Attn: Florence Webb

With a copy to:

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

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

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

(15) Entire Agreement, Waivers, Amendments and HUD Provisions Notwithstanding anything to the contrary in this Agreement, if any provision of this Agreement tends to contradict, modify or in any way change the terms of the Regulatory Agreement encumbering the Site to be entered into between the Secretary of HUD and the Owner, the terms of the Regulatory Agreement shall prevail and govern; or if any provision of this Agreement in any way tends to limit the Secretary of HUD in his administration of the Housing Act of 1959, as amended, or the Cranston-Gonzalez National Affordable Housing Act, or the regulations pursuant thereto, this Agreement shall be deemed amended so as to comply with the Acts, Regulations and Regulatory Agreement. No other amendment to this Agreement shall be effective without the prior written approval of the Secretary. Notwithstanding anything herein to the contrary, if the Secretary of HUD should take to the Site through foreclosure, or deed in lieu of foreclosure, or otherwise, all covenants, conditions and restrictions set forth in this Agreement shall cease and terminate and be of no further force and effect. Any payment made by Owner to Commission pursuant to this provision shall be made only from Residual Receipts as defined by the HUD Regulatory Agreement and only with prior written approval of HUD.

(Continued on next page)

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

COMMISSION:

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

By: _____
CORDÉ D. CARRILLO, Acting Executive Director

APPROVED AS TO FORM:

RAYMOND J. FORTNER, County Counsel

By: _____
Deputy

OWNER:

Lancaster RHF Housing, Inc,
a California Nonprofit Public Benefit Corporation

By: _____
DEBORAH J. STOUFF, Secretary

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

On _____ before me, _____, Notary Public,
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 PURJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

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

On _____ before me, _____, Notary Public,
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 PURJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION

PARCEL 'A'

That portion of the South Half of the Southwest Quarter of Section 34 Township 7 North, Range 13 West, San Bernardino Meridians of Los Angeles County, according to the Official Plat, described as follows:

Commencing at the intersection of the centerline of Avenue M and the southerly prolongation of the westerly line of Tract No.26565, as per map recorded in Book 673 Pages 25 and 26 and also the westerly line of Tract No.31846, as per map in Book 1015 Pages 3 and 4, both in the Unincorporated Territory of the County of Los Angeles, State of California; thence northerly along said southerly prolongation, N00E52'04"W 50.00 feet to the northerly line of Avenue M, a 90.00 feet wide street as shown on said Tract No.26565 and Tract No.31846. Said Point being the True Point of Beginning; thence continuing northerly along said westerly line of Tract No. 31846, N00E52'04"W 441.00 feet; thence westerly S89E51'00"W 330.03 feet to the easterly line Tract No.32942 as per map recorded in Book 966 Pages 16 thru 18 inclusive and Tract No.32941 as per map recorded in Book 931 Pages 60 thru 63 inclusive, both in the Unincorporated territory of the County of Los Angeles, State of California; thence southerly along the easterly line of said Tract No.32942 and Tract No.32941 ; S00E52'04"E 441.00 feet to the northerly line of said Avenue M; thence easterly along the northerly line of said Avenue M, N89E51'00" 330.03 feet to the True Point of Beginning .

Area = 3.341 Acres

EXHIBIT "F" TO LOAN AGREEMENT

PROJECT DESCRIPTION
(HOME LOAN - PROJECT NO. HE0097)

Harshfield Terrace is HOME funded project located at 6705 West Avenue M in the unincorporated Quartz Hill area. Site is currently a combination of vacant land and an asphalt paved parking lot used in part for storage by residents of the adjacent Mayflower Gardens and partly for staff parking by the Convalescent Hospital next door (both Mayflower Gardens and the hospital are owned by sponsor - Retirement Housing Foundation). Harshfield Terrace is a HUD 202 project that will consist of a 75 unit senior residential facility on 3.341 acres of land. The 3 story building will have 74 one-bedroom and one two-bedroom, ranging from 540 to 800 square feet. All units are handicap accessible and adaptable and the overall project design will comply with HUD requirements for accessibility and design. A total of 48 parking stalls will be provided, including 2 handicapped spaces. Site will be equipped with amenities, such as: laundry room, multi-purpose room, library and an arts & crafts room. Units will be rented to seniors aged 62 and above, earning 50% or less of the Area Median Income.

The site is adjacent to Mayflower Gardens Convalescent Hospital and Mayflower Apts. on the east; single story duplexes on the west; vacant land on the north; and, West Avenue M on the south. The Mayflower Gardens Retirement is a 590 unit senior housing development with an extensive array of services for seniors in all stages of life. Harshfield Terrace tenants will have the ability to make use of the various services provide by Mayflower Gardens Retirement.

EXHIBIT "G" TO LOAN AGREEMENT
SITE PLANS AND ELEVATIONS
(HOME LOAN - PROJECT NO. HE0097)

[RESERVED]

EXHIBIT "H" TO LOAN AGREEMENT

DEVELOPMENT BUDGET
(HOME LOAN - PROJECT NO. HE0097)

[RESERVED]

EXHIBIT "I" TO HOME LOAN AGREEMENT

HOME PROGRAM REQUIREMENTS (HOME LOAN - PROJECT NO. HE0097)

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

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

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

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

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

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

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

HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the HOME Program tenant monitoring procedures established by the Commission, pursuant to 24 CFR Part 92 Sections 252 and 253. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations. After HOME Program requirements no longer apply, the Commission will continue monitor the projects for the full term of this agreement.

HOME PROGRAM CHDO RECERTIFICATION

All Developers of projects that receive HOME funds as a Community Housing Development Organization (CHDO) must comply with the HOME Program CHDO recertification and monitoring procedures established by the Commission. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

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

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

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

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

CONFLICT OF INTEREST

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

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

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

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.
- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.
- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.

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

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.
- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.
- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

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

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "J" TO HOME LOAN AGREEMENT

COMMISSION REQUIREMENTS
(HOME LOAN - PROJECT NO. HE0097)

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.

- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.
- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit "Q" of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a “Contractor” as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee’s regular pay the fees received for jury service.
- B. For purposes of this Section, “Contractor” means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. “Employee” means any California resident who is a full time employee of Borrower. “Full time” means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its “exception status” from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program’s definition of “Contractor” or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County’s satisfaction that Borrower either continues to remain outside of the Jury Service Program’s definition of “Contractor” and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower’s violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower’s Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The “Nonprofit Integrity Act of 2004” (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the “Charitable Contributions Certificate” form included as Exhibit “R”, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

EXHIBIT "K" TO HOME LOAN AGREEMENT
ENVIRONMENTAL SPECIAL CONDITIONS
(HOME LOAN - PROJECT NO. HE0097)

[RESERVED]

EXHIBIT “L” TO HOME LOAN AGREEMENT

CONSTRUCTION REQUIREMENTS
(HOME LOAN - PROJECT NO. HE0097)

The Borrower’s receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the project is conditioned upon the Borrower’s adherence to certain construction requirements imposed by Commission in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT “L”. The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT “L” or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by Commission for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

1. Submittals and Review Procedure; Construction Monitoring

(a) For purposes of this EXHIBIT “L”:

(i) “Construction Documents” shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) “Empirical Cost Model” shall mean a cost model which Commission may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by Commission.

(b) The Borrower’s submittal requirements shall include the following:

(i) The Borrower shall submit to Commission within twenty 20 days of the execution of this Agreement a project team staffing plan (“Staffing Plan”) for review and approval by Commission. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to Commission within twenty 20 days of the execution of this Agreement a detailed development schedule (“Development Schedule”) for review and approval by Commission. The Borrower shall incorporate any changes or corrections requested by Commission in a revised schedule to be submitted to Commission within ten (10) days after receiving comments from Commission with respect to the original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT “L”. The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT “L”.

(iii) The Borrower shall submit to Commission within twenty (20) days of the approval of the Construction Contract a detailed construction schedule (“Construction Schedule”) for review and approval by Commission. The Borrower shall incorporate any changes or corrections requested by Commission in a revised schedule to be submitted to Commission within ten (10) days after receiving comments from Commission with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, *Using CPM in Construction*. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to Commission a draft completed regulatory “Entitlement Review” package for Commission review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to Commission not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to Commission within thirty (30) days of the execution of this Loan Agreement basic concept drawings (“Basic Concept Drawings”) for review and approval by Commission. The Basic Concept Drawings shall be in form and content as directed from time to time by Commission.

(vi) Based on, and within sixty (60) days of Commission’s approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to Commission for review and approval by Commission certain design development plans and related documents (“Design Development Plans”) for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to Commission comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to Commission for review and approval by Commission the (preliminary drawings) fifty percent (50%) construction documents (the “Preliminary Drawings”). The fifty percent (50%) submittal shall include a detailed cost estimate and a list of value engineering considerations representing a saving goal of ten percent (10%) of the overall Project budget.

(viii) The (final working drawings) one hundred percent (100%) construction documents (the “Final Drawings”) submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by Commission, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model the Borrower shall be required to demonstrate to Commission the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including

but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, Commission staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by Commission. Commission and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to Commission can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(x) Any submittals to Commission under the preceding sections (i) through (ix) inclusive, shall be deemed approved unless disapproved in writing by Commission setting forth the reasons within thirty (30) days of submittal.

(c) The Borrower shall submit to Commission in accordance with the Development Schedule the proposed Construction Contract with the HUD approved contractor in the form required by HUD and completed except for the date of the contract, the required date of the completion and signatures of the named parties of the contract.

(d) The Construction Management Division of Commission will provide oversight monitoring of the Project, although Commission acknowledges that HUD will provide the primary oversight and monitoring duties in connection with its administration of the HUD Section 202 or 811 regulations. The Borrower shall maintain at the job site adequate records and shall permit site access to Commission at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies; review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that Commission's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for Commission's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by Commission in connection with its review, inspection and monitoring activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) The Project is designated as a Davis Bacon/public works type project and as such has certain additional bidding and reporting requirements. The Borrower shall consult with the Construction Management Division of Commission for detailed requirements; however, the Commission acknowledges that HUD will provide the primary oversight in connection with the Davis Bacon requirements. The Borrower shall include all such requirements in the Construction Documents and conduct the bid phase according to such requirements, including the Prevailing Wage determination or decision in effect at the time of the bid. Prior to going out to bid (advertisement), or award of negotiated bid, the Borrower shall submit to Commission the bid package for review and approval, which submittal shall be five (5) days prior to any advertising placement or negotiation discussion, as the case may be. Once bids are received, the Borrower shall prepare a bid evaluation and review all submittals with Commission staff for compliance with all applicable Governmental Restrictions.

2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by Commission and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by Commission required to establish the amount and time lines of the payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by Commission, payments made by or on behalf of Commission in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of Commission for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "L" shall be made through a Commission approved construction disbursement agency, as set forth below. Commission FUNDS may be used for site acquisition, for approved pre-development and development costs, and for demolition costs in the amount specified in the overall approved project budget, which funds are not included within the HUD Capital Advance. Requests for predevelopment expenditures should be in a form determined or approved by Commission and shall include any necessary back-up documentation reasonably required by Commission. Commencing upon the HUD initial closing, the balance of the Commission funds shall be dispersed before any HUD Capital Advance proceeds for HUD recognized project costs and for any HUD required escrows, demolition and for maintenance of excess amenities. The term "HUD recognized project costs" shall mean costs set forth in the HUD firm commitment which is issued preceding the HUD initial closing. Any funds required which are not included in the overall pre-approved project budget shall be the responsibility of the Borrower. Commencing on and after HUD initial closing, the form of the disbursement shall be the HUD disbursement. Any funds to be dispersed which are not for HUD recognized project costs, therefore not included on the HUD form of disbursement, should be disbursed upon such form as Commission may reasonably require.

(b) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect Commission's personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding \$100,000. *See* (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor ("Contractor") shall procure and maintain at Contractor's expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance

against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-subcontractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Commercial General Liability:

a. For projects in which the direct construction costs are projected to be less than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Borrower shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$3,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Borrower shall further require its general contractor to provide additional insured status for Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Borrower shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Borrower shall further require all tiers of its subcontractors shall to provide additional insured status in favor of the Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

b. For projects in which the direct construction costs are projected to be greater than \$15,000,000, Commercial General Liability insurance, including coverage for bodily injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations coverage. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy. Borrower shall require its general contractor to carry Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Three Million Dollars (\$4,000,000) General Aggregate), including, but not limited to, products and completed operations protection. Borrower shall further require its general contractor to provide additional insured status for Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents, on such policy. Borrower shall also require its general contractor to require that all tiers of the general contractor's subcontractors provide Commercial General Liability insurance of not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Borrower shall further require all tiers of its subcontractors to provide additional insured status in favor of the Borrower and Public Agencies and their elected and appointed officers, officials, representatives, employees and agents, on such policy.

c. For projects in which the direct construction costs are projected to be greater than \$25,000,000, the Public Agencies may determine at their sole discretion that an increased amount of Commercial General Liability insurance may be required both from the Borrower and the General Contractor. This will be determined on a situational basis.

(ii) Professional Liability:

d. For projects in which the direct construction costs are projected to be less than \$15,000,000, Borrower shall require that the following professional liability insurance coverage language be

incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Said insurance shall be maintained for a period of not less than four (4) years after a COO has been obtained by Borrower with respect to the Property and Borrower has provided Public Agencies with evidence of such. In the event that Borrower provides any professional services, Borrower shall be required to maintain the professional liability insurance set forth above.

e. For projects in which the direct construction costs are projected to be greater than \$15,000,000, Borrower shall require that the following professional liability insurance coverage language be incorporated in its contract with any Design Professional with which it contracts for professional services: Design Professional shall maintain professional liability insurance, including, but not limited to, coverage for personal injury, property damage and contractual liability, with a combined single limit not less than Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate). Said insurance shall be maintained by Design Professional for a period of not less than four (4) years after a certificate of occupancy (“COO”) has been obtained by Borrower with respect to the Property and Borrower has provided Public Agencies with evidence of such. In the event that Borrower provides any professional services, Borrower shall be required to maintain the professional liability insurance set forth above.

(iii) Property Insurance: Based upon the specifics of the Project, the Public Agencies have the right to require Borrower to obtain “Special Form” property insurance as follows:

“Special Form” property insurance coverage shall include, without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, flood, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a “co-insurance” clause. If a coinsurance waiver is not commercially available at reasonable rates, “Public Agencies” may waive this requirement. Said insurance shall be maintained for the duration of this Agreement. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policy.

(iv) Workers’ Compensation: Borrower's employees, if any, shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits up to One Million Dollars (\$1,000,000) per accident. Borrower shall require that the identical worker’s compensation insurance requirements be incorporated into Borrower’s contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Borrower, whichever is greater.

(v) Automobile Liability: Combined single limit automobile liability insurance up to One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned (if any), non-owned and hired vehicles. Borrower shall require that the identical automobile liability insurance requirements be incorporated into Borrower’s contract with any other entities with which it contracts in relation to the Project. Said entities shall maintain the insurance for the duration of this Agreement or the duration of the construction that is the subject of their contracts with Borrower, whichever is greater. The Public Agencies and their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on such policies.

(v) Contractor shall furnish Commission with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(vi) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to Commission.

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

(viii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to Commission.

(ix) Any self-insurance program and self-insured retention must be separately approved by Commission.

(x) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "L" shall constitute an Event of Default under this Agreement and Commission may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(xi) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of Commission.

(xii) The Community Development Commission and Commission, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "L", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.

(xiii) During the term of the HUD Capital Advance Documents (defined as the HUD Note, Deed of Trust, Regulatory Agreement, Use Agreement, Capital Advance Agreement and the Project Rental Assistance Contract), compliance with the insurance requirements of HUD shall be deemed to satisfy the insurance requirements of this Agreement. Commission and its representatives shall be names additional insureds on any policies of insurance. In the event of loss covered by fire and extended coverage insurance, the insurance proceeds, to the extent of the Capital Advance (defined as the amount to be provided in a grant from HUD) then remaining unpaid, shall be paid to the beneficiary of the HUD Deed of Trust and, at the option of the rebuilding of the Project. Any balance remaining of insurance proceeds shall be paid to the additional insured and, at the option of such additional insured, may be applied to the indebtedness owned to such insured or be released for repair or rebuilding of the Project. Surplus insurance proceeds thereafter may be dispersed to the Owner of the Project.

Borrower's compliance with assurance of completion requirements of HUD, namely 100% Performance Bond and a 100% Payment Bond or a 25% cash deposit as required by HUD, furnished by the general contractor for the Project shall satisfy all bonding requirements under the foregoing provisions.

EXHIBIT "M" TO HOME LOAN AGREEMENT

SUBORDINATION AGREEMENT
(HOME LOAN - PROJECT NO. HE0097)

OFFICIAL BUSINESS)
)
 Document entitled to free)
 recording per Govt. Code)
 Section 6103.)
)
 Recording Requested by and)
 When Recorded Mail To:)
)
 HOUSING AUTHORITY OF THE)
 COUNTY OF LOS ANGELES)
 2 Coral Circle)
 Monterey Park, CA 91755-7425)
 Attn.: Director of Housing)
 Development and Preservation)

(Above Space For Recorder's Use Only)

SUBORDINATION AGREEMENT
 (HOME LOAN - PROJECT NO. HE0097)

This Subordination Agreement is entered into as of _____ by and between the Community Development Commission of the County of Los Angeles (“Commission”) and the United States Department of Housing and Urban Development (“HUD”).

RECITALS

1. Commission is making a loan to Lancaster RHF Housing, Inc. (“Borrower”), up to One Million Ninety Three Thousand Three Hundred Twenty Four Dollars (\$1,093,324) (“Commission Loan”) pursuant to that certain Loan Agreement HOME Fund Project HE0097 entered into by Commission and Borrower and dated as of _____, 20____ (“Loan Agreement”). The Commission Loan is evidenced by a Residuals Receipt Note (the “Note”) in the principal amount of the Commission Loan. Repayment of the Commission Loan is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated _____, 20____ and recorded concurrently herewith in the Official Records of Los Angeles County, California, (“Commission Deed of Trust”). As required by the Loan Agreement, Borrower has executed those certain Covenants, Conditions and Restrictions dated _____, 20____ and recorded concurrently herewith in the Official Records of Los Angeles County, California (“CC&Rs”). The Loan Agreement, the Note, the Commission Deed of Trust, the CC&Rs and all other documents given or executed in connection with the Loan Agreement are hereinafter collectively referred to as the “Loan Documents”.

A. Borrower is to use the proceeds of the Commission Loan for construction of a senior adult affordable housing facility consisting of seventy four (71) units and one (1) manager unit (the “Facility”) upon certain real property located at 5705 W Avenue M, Quartz Hill, California.

B. HUD is providing Section 202 Funds (the “HUD Grant”) for development of the Facility which is identified by HUD as Project No. 122-EE195-WAH-NP/CA16-S041-005. In connection with the HUD Grant, Borrower is to execute for recordation in favor of HUD a Deed of Trust with Assignment of Rents (the “HUD Deed of Trust”) and a Capital Advance Program Regulatory Agreement (the “Regulatory Agreement”). The documents governing the HUD Grant, including without limitation the Regulatory Agreement, the HUD Deed of Trust, the HUD Use Agreement, The HUD APRAC, the HUD Financing Statement and all other HUD Capital Advance Documents are hereinafter collectively referred to as the “HUD Documents”.

C. Commission and HUD desire that Commission subordinate the lien of the Commission Deed of Trust and the CC&Rs to the HUD Documents on the terms and conditions set forth herein below.

D. NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Commission and HUD agree as follows:

2. Commission, as (i) the beneficiary of the beneficial interest in and under the Commission Deed of Trust, and (ii) the beneficiary of the terms and provisions of the CC&Rs, hereby expressly subordinate (a) the lien of the Commission Deed of Trust, and (b) the CC&Rs, to the HUD Documents and, hereafter, the HUD Documents shall be superior to and dominant over the Commission Loan, the Commission Deed of Trust and the CC&Rs.

3. In the event of any default by Borrower under the HUD Documents, HUD agrees that it shall deliver written notice (the "HUD Notice") of such default to Commission and Commission shall be afforded one (1) year from and after receipt of the HUD Notice to (i) cure the default or (ii) identify to HUD, for HUD's approval which shall not be unreasonably withheld, a proposed substitute non-profit corporation (the "Substitute Non-Profit") to operate the Facility and cure the default. Upon approval by HUD of the Substitute Non-Profit, HUD and Commission each agree to cooperate with the other and to take such action as is necessary to provide for (a) the acceptance by the Substitute Non-Profit of a legal and physical transfer of the Facility and its assets and obligating itself to cure the default, (b) the written assumption by the Substitute Non-Profit of the obligations of Borrower under the HUD Documents, (c) the written assumption by the Substitute Non-Profit of the obligation of Borrower under the Loan Documents, and (d) re-instatement of the lien of the Commission Deed of Trust (as a second priority deed of trust behind the HUD Deed of Trust).

(Continued on next page)

IN WITNESS WHEREOF, Commission and HUD have executed this Subordination Agreement as of the day and year first written above.

UNITED STATES OF AMERICA SECRETARY OF HOUSING AND URBAN DEVELOPMENT

By: _____

Name: _____

Official Title: _____

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

By: _____

Name: CORDÉ D. CARRILLO

Official Title: Acting Executive Director

APPROVED AS TO FORM:
Raymond J. Fortner, County Counsel

By: _____
Deputy

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

On _____ before me, _____, Notary Public, 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 PURJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

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

On _____ before me, _____, Notary Public, 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 PURJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (SEAL)

Signature

EXHIBIT “N” TO HOME LOAN AGREEMENT

SUPPORTIVE SERVICES (HOME LOAN - PROJECT NO. HE0097)

It is the philosophy of **Retirement Housing Foundation** that housing for older adults should reflect the needs and desires of the persons who reside there, and that the facility should be able, from both the design and operational perspectives, to react to the changing needs of the residents. This is particularly true in housing for older adults where the needs of the residents are continually changing as a result of the aging process. Therefore, it is **RHF**'s objective in the proposed Section 202 project to provide for flexibility in the degree and scope of the supportive services to be provided for the residents.

Anticipated Occupancy

Under the Section 202 programs, residency must be limited to persons qualifying under age and income guidelines. In accordance with these requirements, **RHF** will require that residents be:

- 62 years of age or older (or the spouse of someone at least 62 years of age);
- Very low income (at or below 50% of the median income); and
- Capable of living within the housing environment, either independently or with the assistance of supportive services.

Since chronological age is not a good indicator of a person's ability to function in an independent living environment, incoming residents will be categorized by their ability to live independently. The categories utilized will be as follows:

- *Independent:* Persons in this category have no health problems and can function without any support from outside sources. Most of them choose to enter a Section 202 complex because it is affordable and/or because they want the social interaction. This population group could, however, continue to live on their own in an unsupervised setting.
- *Nearly Independent:* This category of persons is beginning to experience some minor health problems, such as arthritis, mobility impairment or poor vision, but is still fully capable of living independently. These people may enter a 202 because it is a barrier-free environment with safety features and they see this as preventive, because they (or family members) want the security of living around other individuals, because they are newly widowed and need to avoid social isolation, etc. These people could manage on an independent basis, but for a variety of reasons want to be or need to be in a setting with other persons.
- *Nearly Frail:* A person who is nearly frail is generally a person “at-risk” of becoming frail and who needs assistance in performing one or two of the Activities of Daily Living (ADL), which are eating, bathing, grooming, dressing, and home management. Receipt of supportive services for such individuals is typically essential to prevent premature institutionalization. These persons enter a 202 facility because of the need for a supportive living environment, provided a decision is made that sufficient support services are available to accommodate that individual. A great number of the persons in this category, however, entered the complex at a time when they were independent or nearly independent and have simply experienced physical deterioration since their arrival.

- *Frail*: Under the definition utilized by the U.S. Department of Housing and Urban Development, a frail elderly person is defined as an individual who has been determined to be deficient in three or more of the ADLs. Such persons require a strong level of supportive services to allow them to live in an independent living setting. Without such services, they would require institutionalization. Due to previous policy in the Section 202 program, very few 202 complexes have been able to serve frail older adults. Generally, the frail persons in 202 complexes have entered in a stronger physical condition and simply “aged in place,” with supportive services added to avoid a move to a more costly nursing home.

At the outset of the project, the sponsor anticipates serving persons in the independent and nearly independent categories. As the population ages, however, it is anticipated that with the addition of appropriate services, persons who are frail and nearly frail can be served in the complex as well. In order to maintain a well-balanced complex, however, the sponsors will endeavor to keep a balance between independent residents and residents with service needs.

Resident Selection Procedures

Residents will be selected in accordance with HUD guidelines and requirements, including full compliance with fair housing and equal opportunity policies. Marketing efforts will include personal and written contact with local agencies serving older adults, along with religious institutions, public agencies, and local civic groups. Notices will also be placed in the news media for those least likely to be aware of the availability of housing.

At the time of initial interview, prospective residents will be assessed as to their capability of living independently and their requirement for supportive services. Determination of ability to live independently will consider the support systems outside the housing itself, such as spouse or family, or supportive services available in the community. Only residents who are capable of living independently, or who have support arrangements to compensate for frailty, will be considered for residency. New residents will complete an interview form which will assist the resident manager in determining what family support systems may be available in the event they are needed in the future.

Service Needs of Target Population

Services are an integral component of housing for older adults. The types of services common to Section 202 developments include:

- Nutrition/Meal Services
- Health & Medical Services
- Transportation
- Housekeeping & Home Chore services
- Laundry facilities
- Social, Recreational & Educational Activities
- Information & Referral
- Safety & Security Services
- Employment
- Adult education

Within each of these services is a continuum which allows for meeting a different level of service need, depending on whether the individual is independent, nearly independent, nearly frail or frail. These levels range from service of an informational nature to actual provision by others of the service on-site. For instance, at its lowest level, nutrition and meal services could include an educational program on dietary needs and perhaps referral to a nutrition site operated at a location outside the housing complex. At its highest level, this category of service would include preparation of meals and assistance with feeding.

Generally, such services are categorized as essential and nonessential. Services that are nonessential to the ability to live independently for well elderly persons are sometimes essential in order for frail persons to live within the same setting. An example of this would be housekeeping services. For the able-bodied elderly person with no mobility impairment, the provision of housekeeping services is a nonessential service; the individual can function in the environment without it. However, for the elderly person severely disabled with arthritis, the provision of housekeeping service becomes an essential service and may mean the ability to live in an apartment environment for several more years.

In housing for the elderly, to “over-service” or “under-service” an individual are both equally detrimental. Too many supportive services for an otherwise independent individual may result in the increased dependence of that individual. However, there are some services, which even though they may be categorized as nonessential, have been found to be almost preventive in nature. These include social, recreational and educational services which serve a purpose beyond that of simply providing entertainment for residents. Many serious problems which would ultimately require supportive services can be averted simply by encouraging residents to participate in social functions or communal meals in a common area. For example, depression can be offset by social interaction, mental stimulation, physical exercise and a reason to attend to personal appearance and hygiene. Consequently, such services can be considered essential even though the individual could function in a 202 setting without them.

In the proposed housing complex, which will be serving primarily independent and nearly independent older adults, the sponsor intends to provide the following services, which are already being provided in the Mayflower Gardens I and II projects. Please see the following brochures and community newsletters indicating the extent of activities and services provided at Mayflower Gardens.

- Social and Recreational Activities: These will be planned and coordinated primarily by the Residents’ Association and may include potluck suppers, birthday parties, dances, sightseeing tours, trips to special events, card games and exercise classes.
- Educational Activities: These activities will also involve participation by the Residents’ Association and may include lectures, book clubs, language classes, etc.
- Information and Referral: The resident manager will receive training in identifying additional resources in the community which would be of benefit to the resident population.
- Nutrition/Meal Service: Since the proposed project is for the well elderly, it is not intended that meals be served at the outset. However, the proposed 202 includes a community room which is capable, with only moderate renovation, of doubling as a dining room with a warming kitchen.

- Housekeeping/Home Chore Services: It is the responsibility of the Resident Manager of a 202 facility to know what services are available in the community. One service that is routinely provided through Information and Referral is a link to housekeeping and/or home chore services by either the Area Agency on Aging or local service providers in the community. Often the service agency has a case management service to assist clients in their home in arranging, maintaining and monitoring required services in order for the client to maintain maximum independence in a home environment. These case management services will be available to the residents of Harshfield Terrace. Well elderly persons will be encouraged to perform these activities themselves so as not to intentionally or inadvertently lose their independence.
- Health Services: The sponsor will encourage and make space available for periodic health screening programs offered in the community, as currently provided in the Mayflower Gardens Apartments. The project staff will make available to residents information on the location of medical screening and other programs offered to seniors at the senior centers and other facilities in the area. Residents who would benefit from home health services will be referred to affordable alternatives. The Palmdale and Lancaster Communities include comprehensive continuum of health care services, including the primary care hospitals such as the Antelope Valley Hospital and the Lancaster Community Hospital. Professional help is also available on a limited basis at the skilled nursing facility on the Mayflower site.
- Safety/Security: The housing has been designed so as to foster security and safety through the use of limited and controlled access to the building, specially designed door locks, emergency call systems, exterior and interior lighting ,grab bars, non-skid surfaces, etc. The presence of an on-site resident manager will enhance the residents' feeling of well being and security. The resident manager will work with the local police department in developing a neighborhood watch program and informing residents on the available classes in personal safety. Routine fire drills will also be scheduled.
- Transportation: Transportation services to these facilities are provided by the Antelope Valley bus services. Mayflower Gardens has its own on-site system with an 18 passenger bus, with wheelchair accessibility, which circulates throughout the site and a 28 passenger bus for transportation to numerous places throughout the Antelope Valley. The Mayflower Gardens bus will also be used for tenants of Harshfield Terrace.
- Employment Opportunities: The project sponsor will be including in their management plans outreach to employ older adults at the site in the operation and management of the project. This will include working with the Senior Center and other agencies in the community to outreach to minority elderly in these efforts. Several employment training and referral programs are also available in the community for the residents of the project, such as the Dept. of Aging's Senior Community Employment Program.

EXHIBIT "O" TO HOME LOAN AGREEMENT

SCHEDULE OF PERFORMANCE
(HOME LOAN - PROJECT NO. HE0097)

Date	Description
11/13/2008	Community/Neighborhood meeting
11/18/2008	Quartz Hill Town Council meeting
11/24/2008	Public hearing
12/22/2009	Drawings submitted to Plan Check
2/16/2009	Plan Check comments come back
2/24/2009	Board of Supervisors meeting
2/25/2009	Subcontractor bid process begins
3/2/2009	Plan Check revisions submitted
3/10/2009	Contractor's cost breakdown completed
3/12/2009	Cost Estimator begins HUD 8620 process
3/16/2009	Plan check approval/permits are ready
4/1/2009	Firm Commitment submitted to HUD
5/1/2009	HUD issues Firm Commitment
5/15/2009	RHF submits Closing Package to HUD
5/28/2009	HUD closing/ County of LA closing
6/8/2009	Construction Begins
10/31/2010	Construction completion
1/31/2011	100% Occupancy
4/30/2011	HUD Final Closing

EXHIBIT "P" TO HOME LOAN AGREEMENT

AFFIRMATIVE MARKETING (HOME LOAN - PROJECT NO. HE0097)

In accordance with the California Fair Employment and Housing Act and the policy of the Los Angeles County Community Development Commission (Commission), and the Los Angeles County Housing Authority (Housing Authority), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower, low and moderate-income tenants.

APPLICABILITY

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Commission has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Hispanic persons.

THE AFFIRMATIVE MARKETING PLAN

The Property Owner or designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential renters of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply without special outreach efforts, (because of existing neighborhood racial or ethnic patterns, location of housing or other factors) and other efforts designed to attract persons from the total eligible population.

The Property Owner must do the following:

1. Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)
2. Display prominently the Fair Housing poster at the leasing office and project site from the beginning of construction through occupancy. (24 CFR 110.10). This poster must be at a minimum 11 inches by 14 inches (24 CFR 110.25).
3. Register the units on a County-supported housing data base or website (i.e., www.housing.lacounty.gov), per the request of CDC/HACOLA.
4. In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:
 - a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).

- b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)
- c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to apply for the available housing without special outreach efforts. They should be individuals or organizations (i.e., service agencies, community organizations, places of worship, etc) that have direct and frequent contact with those identified as least likely to apply. The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Property Owner must agree to establish and maintain contact with the identified contacts.
- d. Specify means to assure that information regarding the availability of accessible/adaptable rental units reaches eligible individuals with disabilities will be disseminated to increase effectiveness of outreach and communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)
- e. State that access to all leasing offices for the project will be accessible to persons with disabilities as required by the American with Disabilities Act.
- f. The written Affirmative Fair Housing Marketing Plan for each project shall be accompanied by a completed Affirmative Fair Housing Marketing Plan Summary (attached).

SENIORS

Housing designed and operated for seniors is exempt from the Fair Housing Act regarding familial status if the following conditions are met:

- 1. A minimum of 80% occupancy by seniors
- 2. Demonstrate it is intended and operated for seniors
- 3. Age of occupants must be verified.

TENANT SELECTION

- 1. The Property Owner or designee shall maintain records of all prospective tenant applicants, including their race, ethnicity and gender, reasons for denial of application, placement on a waiting list, etc.
- 2. The Property Owner or designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.
- 3. The Property Owner or designee must certify that it has affirmatively furthered fair housing at the time of lease up and annually. Review of this affirmative marketing effort for rental projects will be conducted in conjunction with the Annual Owner's Tenant Certification process.

EXHIBIT "Q" TO HOME LOAN AGREEMENT

BABY SAFE FACT SHEET
(HOME LOAN - PROJECT NO. HE0097)

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District

Yvonne Brathwaite Burke, Supervisor, Second District

Zev Yaroslavsky, Supervisor, Third District

Don Knabe, Supervisor, Fourth District

Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

**Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.**



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(*Health and Human Services Agency*)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(*Department of Social Services*)
Rita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre recibirá un brazaletes igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.

EXHIBIT "R" TO HOME LOAN AGREEMENT

CHARITABLE CONTRIBUTION
(HOME LOAN - PROJECT NO. HE0097)



CHARITABLE CONTRIBUTIONS CERTIFICATION

Company Name

Address

Internal Revenue Service Employer Identification Number

California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

CERTIFICATION

Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed. () ()

OR

Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586. YES NO () ()

Signature

Date

Name and Title (please type or print)

EXHIBIT "S" TO HOME LOAN AGREEMENT
FEDERAL LOBBYIST REQUIREMENTS CERTIFICATION
(HOME LOAN - PROJECT NO. HE0097)

**FEDERAL LOBBYIST REQUIREMENTS
CERTIFICATION**

Name of Firm: _____

Address: _____

State: CA _____ Zip Code: _____ Telephone Number: _____

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

(Contractor/Subcontractor)

By: _____
(Signature)

(Date)

(Title)

EXHIBIT “T” TO HOME LOAN AGREEMENT

DESIGN GUIDELINES
(HOME LOAN - PROJECT NO. HE0097)

**Minimum Construction Standards/Design Guidelines
For RENTAL Housing Developments**

Commission Design Guidelines

These Design Guidelines are used to perform review of Schematic Designs, Design Development Drawings and/or Construction Drawings. For purposes of NOFA application evaluation, proposals will be reviewed on items A. 1-7, B.1-11, C. 1-6, and D. listed below. Item E items are provided here for information to prepare technical drawings.

A. Site

1. Open Space for New Construction

Private Area: 60 sq. ft. per ground floor unit, and 30 sq. ft. per non-ground floor unit, with a minimum dimension of 5 ft. Area may be a patio, deck, porch, yard or balcony. Primary access to private open space should not be from bedrooms.

Common Area (not including circulation or required front and sideyard setbacks unless incorporated into larger usable space):

0 -10 Units	30 sq. ft. per unit.
11-25 Units	20 sq. ft. per unit
26-50 Units	17.5 sq. ft. per unit
51+ Units	15 sq. ft. per unit

2. Landscaping

- Drought Tolerant
- Less lawn and more drought tolerant ground covers/shrubs is encouraged.
- All new planted areas to be heavily mulched for water conservation.
- Automatic irrigation system to be provided.
- 1 – 24” box shade tree in front yard for every 50’ of street frontage.
- All landscaped areas or planter boxes must be accessible for maintenance.
- Provide deciduous trees to shade south windows and evergreen trees to shade west windows.
- Preliminary plans must be prepared. The final Plans must be prepared by a landscape architect licensed in the State of California.

3. Fencing

- If used, all wrought iron to be painted a dark color.
- Line posts shall be galvanized.
- All front yard and street front fencing must be setback at least 12” from the sidewalk with a landscape strip.
- Common entry gates must have automatic closers.

- Concrete block walls facing streets shall incorporate decorative designs or be accompanied by landscaping such as vines to soften the appearance of the walls.
4. Trash Collection
 - Trash enclosure for dumpsters shall have a concrete pad, CMU walls, 3x12 wood crash rails on 3 sides of the interior, and heavy-duty metal gates with perforated metal cladding.
 - The gates should be located 6 inches off the ground to improve surveillance into the area to reduce loitering.
 5. Curbs
 - Provide concrete curbs at or around all drives and parking areas
 6. Building Orientation
 - Orient building to maximize solar access during cooler months and to control it during warmer months.
 7. Pedestrian Hardscape Areas
 - Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).
 8. Building Placement
 - Maintain the existing setback patterns within the vicinity of the building.
 - Avoid locating a building far in front of or far behind the average setback lines of the properties located on either side of the proposed project.
 9. Parking
 - Whenever possible, locate parking towards the rear of the site to minimize its impact on the street.
 - On large projects consider subterranean parking to free up open space at grade level.
 - If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.
 - Consider placing second story massing over garage to bring the living space closer to the street and take some attention off of the garage.
 - Parking area should have adequate lighting and provide a safe and secure environment. Minimize the walking distance to insure a short and direct access to the units.
 - Provide clear separation between vehicles and pedestrians.
 - Landscaping should be used to soften the visual impact of large parking areas.
 - Consider improving unavoidable blank walls with decorative artwork, display cases, vines, and good quality durable materials to minimize graffiti and deterioration.

B. Building Exterior

1. Height
 - Relate the overall height of the new structure to that of adjacent structures and those of the immediate neighborhood.

- Avoid new construction that varies greatly in height from other residential buildings in the area.
 - Consider relating the floor levels of the new structure to those of the adjacent uses on infill buildings.
2. Scale
- Relate the size and bulk of the new structure to the prevalent scale in other buildings the immediate area.
3. Massing
- Consider stepping larger structures down towards the street in areas where the predominate scale along the street is single story and pedestrian oriented.
 - Consider breaking larger buildings into smaller pieces.
4. Form
- Consider utilizing a variety of building forms and roof shapes instead of box-like forms with large, unvaried roofs.
 - Make sure forms and shapes work together to create a cohesive whole project.
 - Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to break up large masses and add visual complexity.
5. Size and Rhythm of Openings
- Respect the rhythm and proportion of openings prevalent in the immediate area surrounding the new building.
6. Materials and Colors
- Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality buildings in the surrounding neighborhood or region.
 - Avoid introducing drastically different colors and materials than those of the surrounding neighborhood.
 - Use materials that do not require extensive maintenance.
7. Individual Identities
- Whenever possible, divide repetitive structures into smaller clusters to promote individuality and a sense of place for residents.
 - Consider strategies that allow residents to enhance the exterior appearance of their units.
8. Entries for Projects and Units
- Provide a prominent and visible entry.
 - Consider transitional spaces such as an entry porch to help make the transition from public to semi-private or private space.
 - Consider issues of shelter, security, lighting and identity.
9. Roof Top Equipment

- All roof top equipment should be screened from view.
- No free standing wood screens permitted.
- Screening shall be achieved through the use of parapet walls and other permanent building features.

10. Windows

- Window size and placement should maximize day-lighting and natural ventilation.

Placement should relate to building interior layout.

- Plant-on mullions are discouraged.
- Consider ways to screen and physically separate ground floor windows from sidewalk to provide privacy and security.
- Low-emissivity glass is required for all south and west facing windows and encouraged for east facing windows.
- Overhangs for south facing windows are recommended.

11. Roofing

- Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Access / Corridors

- Avoid corridors of excessive length, i.e greater than 100 feet of unbroken length.
- Whenever possible avoid corridors that are not naturally lighted.
- Providing natural ventilation is encouraged.

2. Unit Sizes

Studio:	400-500 sq. ft.
1-Bedroom	500-700 sq. ft.
2-Bedroom	750 - 950 sq. ft.
3-Bedroom	1,000 - 1,200 sq. ft.
4-Bedroom	1,200 - 1,400 sq. ft.

3. Room Size Range & Features

	<u>One Wall Length Min.</u>	<u>Room Size</u>
Living Area	9 ft.	150-220 sq. ft.
Dining Area	Comfortably seat 2 people per bedroom	
Kitchen Counters	5 ft. long by 2 ft. deep for 1 st bedroom plus 1.5 ft. per additional bedroom (measurement does not include sink and cooktop areas, and is measured along the front edge of counter).	

Cabinets 5 ln. ft. of base cabinets for 1st bedroom plus 1.5 ln. ft. per additional bedroom.

Stove / cook top 30” wide and at least 12” away from any sidewall for all 2 bedroom and larger units. Minimum 24” wide and at least 12” away from any sidewall for all 1 bedroom and smaller units.

Refrigerators 12 cu. ft. for 1-bedroom or less.
16 cu. ft. for 2-bedrooms.
18 cu. ft. for 3-bedrooms or more.

Dishwashers In all 2-4 bedroom units.

Garbage disposals (Recommended)

	<i>One Wall Length Min.</i>	<i>Room Size</i>
Bedroom	9 ft.	90-120 sq. ft.
Bedroom Storage		10 sq. ft.min.
Master Bedroom	12 ft.	150-200 sq. ft.
Master Bedroom Storage		20 sq. ft. min.
General Storage		15 sq. ft.
Linen Storage		4 sq. ft.

4. Common Indoor Areas

Community Room A minimum of 400 sq. ft. not including laundry area and a maximum of 20% of the residential floor area for developments of 15 units or less.

A minimum of 600 sq. ft. not including laundry area and a maximum of 15% of the residential floor area for developments with 16 units or more.

Provide a public restroom and microwave alcove.

Laundry Area One washer and dryer for every 10 units in a common laundry area. As an alternative, washers and dryers, not just hook-ups, may be provided in individual units.

Common laundry areas to have a minimum 6’ long countertop surface for folding cloths.

Adequate natural light and ventilation.

5. HVAC

Provide air conditioning for all units separately metered units.

Whole house and ceiling fans may be used in lieu of air conditioning.
Utilizing hydronic heating/hot water systems is encouraged.

6. Elevators

Provide elevators for all structures with three floors or more and for all senior or disabled projects of two floors or more and for all senior or disabled projects of two floors or more.

D. Crime Prevention Through Environmental Design (CPTED) (Required)

The Commission supports creating safe neighborhoods through the implementation of Crime Prevention Through Environmental Design (CPTED). The basic premise of CPTED is that the nature of buildings and layout of a community can attract offenders and make it easier for them to commit crimes and escape arrest. CPTED focuses on eliminating these features at the design stage to reduce crime and the fear of crime.

The five overlapping concepts or strategies which are incorporated in CPTED are:

- Access Control
- Surveillance
- Territorial Reinforcement
- Activity Support
- Image and Maintenance

Architectural designers should make sure you are:

- Providing clear border definitions of controlled space.
- Providing clearly marked transitional zones that indicate movement from public to semi-public to private space.
- Relocating gathering areas to locations with natural surveillance.
- Placing unsafe activities in safe spots to overcome the vulnerability of these activities with natural surveillance and access control of the safe area.
- Redesigning space to increase the perception or reality of natural surveillance.
- Carefully planning a reduced number of entry points.
- Placing signage to advise visitors what the access restrictions are and where they must go if they are authorized to enter your territory.
- Eliminating blind spots around the project site where individuals approaching the site cannot be observed.
- Including fencing and landscaping to direct the circulation flow of persons to a select observable pathway.
- Making sure that landscape plant material that is selected will not block windows and eliminate opportunities for natural surveillance.

- Considering the use of reflective glass so that you can see out but outsiders cannot see in.
- Plant low vegetation with thorns or other repelling qualities adjacent to first floor windows to prevent outsiders from approaching windows.
- Providing good outdoor lighting standards that illuminate pathways evenly and without shadow pockets.
- Prewiring for future security cameras is recommended.

E. Additional Interior & Exterior Guidelines (to be used in the review of Construction Documents)

1. Plastic Laminate Countertops at All Wet Locations
 - Must be bullnosed on one side or have a waterfall edge on all sides and an integral splash.
 - Solid surfacing or ceramic tile are acceptable alternates to plastic laminate.
2. Faucets
 - Provide washerless faucets.
3. Hose Bibs
 - Provide vandal resistant hose bibs.
4. Communication Wiring
 - Provide a telephone jack in all bedrooms and in one common area.
 - Provide CAT 5 wiring to at least one location per unit.
5. Cable Television
 - Provide a minimum of one jack in the living room for units with 2 bedrooms or less.
 - Provide a minimum of one jack in at least one bedroom plus one in the living room for units with 3 bedrooms or more.
6. Carbon Monoxide Detectors
 - Provide at least one hardwired carbon monoxide detector with battery back up near the bedrooms.
 - No combination smoke detection – carbon monoxide shall be used.
7. Fire Extinguishers
 - Provide recessed fire extinguishers.
 - Fire extinguishers to be vandal resistant.
8. Entry Security System
 - Provide security entry system (e.g. intercoms, key cards, combination pads, etc.) for all rental developments.
9. Doors
 - Entry doors to be solid core 1 3/4" thick minimum with reinforced latch and viewfinder.
 - Non-removable hinge pins required on all out swing doors.
 - No windows allowed within 36" of the latch side of the door.

- Interior doors shall have a 1 3/8” thick hollow core, flush, paint grade hardboard face and prime coated for enamel on all six sides.
- Hardboard faces or wood veneers on pre-finished interior built-up doors shall be a minimum of 1/8” thick.

10. Door Hardware

- Use medium or premium grade hardware.

Suggested hardware:

- Schlage AL-Series keyed lever lock
- Grade 2 or higher deadbolts
- Interior doorstops shall be provided using spring type, screwed to door or wood base, or steel plated rubber wall stops.

11. Windows

- Use medium or premium grade aluminum windows.
- Vinyl or wood/clad windows are acceptable alternates.
- Suggested manufacturers and series:
 - Milgard 1000 Series (Aluminum)
 - International 6200 Series (Aluminum)
 - International Vinyl Series 5500 or 5300
 - Milgard 5120 Classic Series (Vinyl)
 - Milgard 6110 Styleline Series (Vinyl)
- Screens on all operable windows.
- All aluminum windows and sliding glass doors shall have a clear anodized or baked enamel finish; mill finish not acceptable.

12. Window Coverings

- Metal horizontal blinds are not permitted.

13. Medicine Cabinets

- Plastic medicine cabinets are not permitted.
- Provide recessed cabinets.

14. Bath Tubs and Shower Enclosures

- Use cast iron tubs with ceramic tile surrounds over backer board or high quality fiberglass tub/shower/surrounds
- Family units must have at least one tub per unit.
- Suggested Manufacturer and Model:
 - LASCO Model 2603 3 CT Series with reinforced flat wells for adaptable units or equal.
 - LASCO Model 2603-SMH with reinforced flat wells and grab bars for ADA units or equal.

15. Blocking

- Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

16. Carpeting

- Minimum 10-year performance warranty and the following:
Lifetime – Moisture resistant
Lifetime – Dimensional Stability
Lifetime – No Edge Ravel
Lifetime – No Delamination
Lifetime – No Zippering
- Provide wood base, rubber or vinyl covered base at carpet locations.
- Transition strips shall be provided between carpet and sheet vinyl or other flooring types.

17. Sheet Flooring

- Use .080” minimum thickness - Type II Grade A. For family rental units avoid seams and provide 4” cove base at walls in wet locations including bathrooms, kitchens and laundry rooms.
- Linoleum is encouraged over vinyl for superior environmental qualities.

18. Cabinetry

- For all developments except senior housing, cabinets shall be constructed as follows:

The Manual of Millwork Standards of the Woodwork Industry published by WIC (Woodwork Institute of California) custom grade for material, hardware and joinery shall apply to all new cabinets. WIC certification process shall not be required at this time. Instead, technical specifications and drawings will be checked for incorporation of WIC custom grade language. In addition, field inspections by Commission may occur to verify compliance with cabinet standards.

19. Kitchen Hoods

- Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

20. Bathroom Ventilation

- Windows are recommended in addition to a bathroom exhaust fan that is capable of providing a minimum of five air changes per hour.

21. Appliances

- Select Energy Star appliances.

22. Wood Structural Members

- The use of engineered wood for headers, joists and sheathing is encouraged.

23. Recycled Content Materials

- The use of recycled content insulation, drywall, carpet and other “green” materials is encouraged.

24. Indoor Air Quality Materials

- Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

25. Roofing

- Minimum 20-year roof.
- If asphalt shingle use “architectural” profile.

26. Roof Drainage

- Locate downspouts to drain either into splash blocks, which spill on to planter areas large enough to absorb outflow or directly into an underground drain system.

27. Landscape Edging

- Provide redwood bender board edging or equal at planter bed and turf boundaries.

28. Lighting

- Use fluorescent light fixtures for at least 75% of light fixtures or comparable energy lighting for the project’s total lighting including common areas.