



May 16, 2023

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

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

Dear Supervisors and Commissioners:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

1-D May 16, 2023

A handwritten signature in black ink, appearing to read 'Celia Zavala', is written over a light blue circular stamp.

CELIA ZAVALA  
EXECUTIVE OFFICER

**ADOPT RESOLUTIONS TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE  
THE DEVELOPMENT OF THE 2111 FIRESTONE PROJECT  
(DISTRICT 2) (3 VOTE)**

**SUBJECT**

This letter requests that your Board approve resolutions authorizing and actions facilitating the issuance, sale, and delivery of tax-exempt Multifamily Housing Mortgage Revenue Bonds or Notes to finance the site acquisition, construction, rehabilitation, or development of 2111 Firestone, an 85-unit supportive housing development located in the Florence-Graham community of unincorporated Los Angeles County.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that adoption of the Resolutions is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign the attached Resolution approving the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds or Notes (Bonds) by the Los Angeles County Development Authority (LACDA), in an aggregate principal amount not exceeding \$21,435,228 to

assist 2111 Firestone, LP (Borrower), or an LACDA-approved designee, to finance the site acquisition, construction, rehabilitation, or development of 2111 Firestone, an 85-unit supportive housing development (Project) to be located at 2111 Firestone Boulevard, in the Florence-Graham community of unincorporated Los Angeles County.

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:**

1. Find that adoption of the Resolutions is not subject to the provisions of CEQA because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign the attached Resolution authorizing the issuance, sale and delivery of tax-exempt Multifamily Housing Revenue Bonds or Notes (Bonds) in an aggregate principal amount not to exceed \$21,435,228 to finance the site acquisition, construction, rehabilitation, or development of the Project.
3. Authorize the Executive Director or designee to negotiate, execute, and if necessary, amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this action is to authorize the issuance, sale, and delivery of Bonds in an aggregate principal amount not to exceed \$21,435,228 to finance the acquisition, construction, rehabilitation, or development of the Project. The developer for the Project is Eley Affordable California, LLC, and the Borrower is a limited partnership which includes the developer as a partner.

The Project will be located at 2111 Firestone Boulevard, in the Florence-Graham community of unincorporated Los Angeles County. The Project is a six-story supportive housing residential building. The new construction will be configured as an “L” shape with a large ground floor for open amenity space. The upper floors are accessed by a centrally located elevator. The contemporary design will provide 85 units, including 83 studio units and two units reserved for the property managers. The affordable unit mix will consist of 42 supportive housing units reserved for individuals earning 30% of Area Median Income (AMI) and 41 low-income units reserved for individuals earning 50% AMI. Each studio unit will include a galley kitchen, living space, private bath, and central heat and air.

The Project will serve general low-income individuals and those who are experiencing chronic homelessness, medical conditions, and a lack of resources that promote recovery, wellness, and sustainability. The Project will offer opportunities for tenants to grow with amenities and services it will provide. The ground floor offices and meeting rooms will serve as a space to support the on-site services, intensive case management, life skills, and workforce development. The ground floor supportive service space will consist of one office, three meeting rooms, and an open lobby with three computers.

Residents of the Project will benefit from a large community room that will consist of a common kitchen and workout room. The Project will have two roof top terrace spaces that will allow tenants to enjoy the outdoors and views of the area. The Project will include a mostly electric building except for a natural gas water heater. The Project will incorporate green building elements such as moisture resistant materials in wet areas, durable and non-combustible cladding materials for the exterior, and

insulation with 30% post-consumer or 60% post-industrial recycled content.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund. The Bonds will be repaid solely through rent revenues collected by the Borrower. The Borrower will pay all fees and related costs.

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

On June 14, 2022, the Board of Commissioners adopted an inducement resolution declaring the intent of the LACDA to undertake the financing of a Multifamily Housing Mortgage Revenue Bond project in accordance with U.S. Treasury Department regulations. This action established a base date after which costs incurred by the Borrower for the Project could be included in the acquisition and permanent financing obtained pursuant to the issuance of tax-exempt Bonds.

The LACDA is authorized to issue multifamily revenue bonds or notes to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project, including the Borrower. In order for the LACDA to issue such Bonds, the LACDA and the County must execute the following actions: (1) The LACDA must conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) the County must approve a resolution approving the plan of financing and authorizing the LACDA to issue the Bonds. Although the LACDA will be issuing the Bonds at the request of the Borrower, the financing cannot proceed without the approval of the applicable elected legislative body.

On April 25, 2023, the LACDA conducted a telephonic hearing regarding the issuance of the tax-exempt Bonds to finance the Project at its office located at 700 West Main Street in Alhambra. No comments were received at the hearing concerning the issuance of the tax-exempt Bonds or the nature and location of the Project.

The attached Resolutions were prepared by Hawkins Delafield & Wood LLP, LACDA Bond Counsel, and approved as to form by County Counsel.

Pursuant to California Government Code Section 5852.1, a required public disclosure document for this Bond issuance is also attached. All other related documents, in substantially final form, are on file with the Executive Office. They will be approved as to form by County Counsel prior to execution by the authorized parties.

### **ENVIRONMENTAL DOCUMENTATION**

The proposed actions are not a project pursuant to CEQA because they are activities that are excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed actions are administrative activities of government which will not result in direct or indirect physical change to the environment.

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

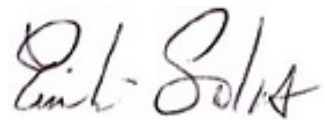
The requested actions will increase the supply of special needs and affordable housing units in Los Angeles County with long-term affordability.

The Honorable Board of Supervisors

5/16/2023

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Emilio Salas". The signature is written in a cursive, flowing style.

Emilio Salas

Executive Director

ES:LK:VB

Enclosures

## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the Los Angeles County Development Authority (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its Commission (the "Commission") at which Meeting the Commission will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: 2111 Firestone, LP
2. Authority Meeting Date: May \_\_, 2023
3. Name of Obligations: 2111 Firestone
4. \_\_ Private Placement Lender or Bond Purchaser,  Underwriter or \_\_ Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows:
  - (A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 4.91%.
  - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$425,644.
  - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$21,009,584.
  - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$30,013,836.
5. The good faith estimates provided above were \_\_ presented to the governing board of the Borrower, or \_\_ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board,  presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount

of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: March 22, 2023

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF  
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING  
MORTGAGE REVENUE BONDS OR NOTES AND RELATED ACTIONS

WHEREAS, the Los Angeles County Development Authority (the “LACDA”) intends to adopt a plan of financing to sell and issue, from time to time, multifamily housing mortgage revenue bonds or notes in one or more series, and at no time to exceed \$21,435,228 in outstanding aggregate principal amount (the “Bonds”), in order to assist in financing (including reimbursement of the expenditures of the Borrower (herein defined)) the acquisition, construction and development of a multifamily rental housing development consisting of 85 units located at 2111 Firestone Boulevard, Los Angeles, California 90002, in the unincorporated portion of the County of Los Angeles, California (the “Project”), to be owned by 2111 Firestone, LP (or an affiliate, assign or designee) (the “Borrower”); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Code, only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California (the “County”); and

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the LACDA within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the LACDA has, following notice duly given, held a public hearing regarding the plan of financing and the issuance of such Bonds on April \_\_, 2023, and now desires that the Board of Supervisors approve the issuance of such Bonds within the County; and

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the plan of financing and the issuance of the Bonds by the LACDA to finance costs of the Project in the County. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the plan of financing and the Bonds by the applicable elected representative of the issuer

of the Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.

3. The proper officers of the LACDA are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the LACDA in the manner provided by law prior to the sale thereof.

4. The Chief Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the LACDA.

5. This Resolution shall take effect immediately upon its adoption.

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PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By \_\_\_\_\_  
Chair of the Board of Supervisors

ATTEST:

CELIA ZAVALA,  
Chief Executive Officer-Clerk  
of the Board of Supervisors

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

APPROVED AS TO FORM:

DAWYN R. HARRISON,  
County Counsel

By: Behnez Jushatoman  
Senior Deputy

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX-EXEMPT MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,435,228 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS 2111 FIRESTONE, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

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

WHEREAS, there has been prepared and presented to this Board of Commissioners (this “Board”) for consideration at this meeting the documentation required for the issuance by the LACDA of its Multifamily Housing Mortgage Revenue Bonds (2111 Firestone), 2023 Series E (or such other name or series designation as may be designated by officers or agents of the LACDA), in one or more series or subseries, each with an appropriate series designation (the “Bonds”); and

WHEREAS, the proceeds of the Bonds will be used to finance the acquisition, development and construction of a multifamily rental housing development consisting of 85 total units located at 2111 Firestone Boulevard, Los Angeles, California 90002, in the County of Los Angeles (the “Project”), to be known as 2111 Firestone and to be owned by 2111 Firestone, LP, a California limited partnership, or an affiliate, assign or designee thereof (the “Borrower”); and

WHEREAS, the LACDA proposes to provide for the issuance of the Bonds pursuant to a Trust Indenture (the “Indenture”), by and between the LACDA and U.S. Bank Trust Company, National Association, as trustee thereunder; and

WHEREAS, the Bonds will be payable from the trust estate, as described in the Indenture, including amounts to be paid by the Borrower to the LACDA pursuant to a Loan Agreement (the “Loan Agreement”), by and between the LACDA and the Borrower; and

WHEREAS, KeyBanc Capital Markets Inc. (the “Underwriter”) proposes to purchase the Bonds pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”); and

WHEREAS, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with the public offering of the Bonds has been prepared; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, this Board has received the following information as a good faith estimate of the cost of the Project financing and the LACDA has disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bonds; (b) the finance charge of the Bonds, including all third party expenses; (c) the amount of proceeds received by the LACDA for

the sale of the Bonds less the finance charge of the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds; and (d) the total payment amount; and

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

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

1. It is hereby found and determined that it is necessary and desirable for the LACDA to provide financing for the Project through the issuance, sale and delivery of the Bond in order to assist in the acquisition, construction and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the LACDA hereby determines to issue its Bonds, in one or more series or subseries, each with an appropriate series designation, in an aggregate principal amount not to exceed \$21,435,228. The Bond shall bear interest at the interest rate or rates set forth in or determined in accordance with a Indenture, by and between the LACDA and U.S. Bank Trust Company, National Association, as trustee thereunder, maturing as provided in the Indenture, but not later than 35 years from the date of issuance. The Bond shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bond is prepared. The Bond shall be limited obligation of the LACDA, payable solely from the income, revenues, proceeds and other amounts pledged therefor under the Indenture. The Bond shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the LACDA.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. The Executive Director of the LACDA and his designees (each an "Authorized Officer") is each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the LACDA and Bond Counsel to the LACDA (provided that such additions or changes shall not authorize an aggregate principal amount of Bond in excess of the amount stated above or result in an initial interest rate on the Bond in excess of 12%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Chair of this Board, the Executive Director of the LACDA and his designees is each hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and the Trustee is hereby authorized and directed to authenticate, by manual signature of an authorized officer of the Trustee, the Bond in substantially such form, and the LACDA and the Trustee are each hereby authorized and directed to deliver the Bond to the Underwriter in accordance with the Indenture and the Bond Purchase Agreement. The date, maturity date, interest rate or rates, interest payment

dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bond shall be as provided in the Indenture as finally executed.

4. The proposed form of Loan Agreement (the “Loan Agreement”), in the form presented to this meeting, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), in the form presented to this meeting, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Regulatory Agreement, with such additions or, changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. The proposed form of Bond Purchase Agreement, in the form presented to this meeting, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Bond Purchase Agreement, with such additions or, changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of Bond Purchase Agreement.

7. The proposed form of the Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions therein as may be approved by the Executive Director of the LACDA and his designees, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

8. The preparation and delivery of an Official Statement for the Bonds (the “Official Statement”), and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

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

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

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

12. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, this 16th day of May, 2023, by the following vote:

AYES: Supervisors Solis, Mitchell, Horvath, Barger and Hahn

NOES: None


ABSENT: None

ABSTAIN: None

By:   
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA  
Executive Officer – Clerk  
of the Board of Commissioners

By:   
Deputy



APPROVED AS TO FORM:

DAWYN R. HARRISON,  
County Counsel

By:   
Senior Deputy

**TRUST INDENTURE**

**By and Between**

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,  
as Issuer**

**and**

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of June 1, 2023**

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**[\$[Principal Amount]  
Los Angeles County Development Authority  
Multifamily Housing Mortgage Revenue Bonds  
(2111 Firestone)  
2023 Series E**

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## TRUST INDENTURE

This **TRUST INDENTURE** is entered into as of June 1, 2023 (this “**Indenture**”), by and between the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, in its capacity as Issuer, the “**Issuer**”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, including such entity’s successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder (the “**Trustee**”).

## RECITALS

Certain of the terms and words used in these Recitals, and in the following Granting Clauses and Agreements, are defined in Section 1.1 of this Indenture.

Pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “**Act**”), the Issuer is empowered to issue Bonds and other evidence of indebtedness to finance the acquisition, rehabilitation and development of multifamily rental housing; and

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

2111 Firestone, LP, a California limited partnership (the “**Borrower**”), has requested the Issuer to issue revenue bonds designated as the Multifamily Housing Mortgage Revenue Bonds (2111 Firestone), 2023 Series E (the “**Bonds**”) and to loan the proceeds from the sale thereof (the “**Loan**”) to the Borrower to finance the acquisition, construction, development and equipping of a multifamily rental housing development located in the County of Los Angeles, known as 2111 Firestone (the “**Project**”); and

Pursuant to a Loan Agreement dated as of June 1, 2023 (the “**Loan Agreement**”) among the Issuer, the Trustee and the Borrower, the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower (the “**Loan**”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay all or a portion of the costs of acquisition, construction, development and equipping of the Project, (b) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of June 1, 2023 in an original principal amount equal to the maximum aggregate issuable principal amount of the Bonds (as amended, modified or supplemented from time to time, the “**Note**”) evidencing its obligation to repay the Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

As security for the Bonds, the Issuer intends to assign to the Trustee the Note, the security therefor and all of the Issuer’s rights under the Loan Agreement (other than the Reserved Rights of the Issuer); and

To provide and secure amounts to repay the Loan during the period starting on the Closing Date and ending on the Conversion Date (the “**Cash Collateralized Mode**”), the Borrower has obtained a taxable construction loan (the “**Construction Loan**”) from KeyBank National Association (the “**Construction Lender**”) and caused the Construction Lender to make certain payments to the Trustee under this Indenture for the benefit of the Issuer; and

To provide and secure amounts to repay the Loan during the period starting on the Conversion Date and ending on the Maturity Date (the “**Permanent Mode**”), the Borrower has executed the Loan Agreement, a Permanent Deed of Trust and other documents executed and delivered for the purpose of securing the Loan during the Permanent Mode; and

The obligations of the Borrower under the Loan Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited in the Project Fund created pursuant to Section 4.1 of this Indenture; and (ii) the Trust Estate; and

The Trustee has agreed to accept the trusts herein created upon the terms set forth herein; and

The issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Loan Agreement have been in all respects duly and validly authorized in accordance with the Act.

## **AGREEMENTS**

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of any or all of the Bonds issued and sold by the Issuer from time to time under this Indenture by those who shall hold the same from time to time, and of the sum of one dollar, lawful money of the United States of America, duly paid to the Issuer by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds and the payment and performance of all other of the Issuer’s Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Trustee and unto its successors in trust forever, and grants to the Trustee and to its successors in trust, a security interest in, the following (such property being herein referred to as the “**Trust Estate**”):

I.

All right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of this Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate;

II.

All right, title and interest of the Issuer in and to the Note (other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

III.

All moneys (including Eligible Funds) which are at any time or from time to time on deposit in any fund or account created under this Indenture (excluding funds in the Costs of Issuance Fund and the Rebate Fund);

IV.

All right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement;  
and

V.

All funds, moneys and securities and any and all other rights and interests in property, including the Permanent Deed of Trust, whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

PROVIDED, HOWEVER, that there shall be excluded from the granting clauses of this Indenture all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith, and all amounts on deposit in the Rebate Fund, which shall be held for the sole benefit of the United States of America;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in trust forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all Holders from time to time of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal of the Bonds issued hereunder, and interest due or to become due thereon, at the times

and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article VIII hereof or by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture and all other of the Issuer's Obligations to be kept, performed and observed by it, the Rebate Amount shall be paid in full and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment, as further provided in Section 8.1 hereof, and the termination of the Loan Agreement, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise, this Indenture shall remain in full force and effect.

AND IT IS EXPRESSLY DECLARED that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, moneys, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, or any part thereof, as follows:

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. Certain terms used in this Indenture are defined in the Loan Agreement and when and if used herein, such terms shall have the meanings given to them by the Loan Agreement unless the context clearly indicates otherwise. In addition, when used in this Indenture, the following terms shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

“**Act**” has the meaning given to such term in the Recitals hereto.

“**Additions**” means any and all alterations, additions, accessions and improvements to property, substitutions therefor, and renewals and replacements thereof.

“**Additional Interest**” means, beginning after the Conversion Date, as determined by the Servicer, an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) would have received during the period of time commencing on the date that the interest on the Bonds becomes subject to federal income taxation to the earlier of the date of the payment of the Bonds or the date on which the Bonds are redeemed pursuant to Section 3.1(c) following a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for such period.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power

to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Agreement**” or “**Loan Agreement**” means the Loan Agreement dated as of the same date as this Indenture, between the Issuer and the Borrower and any and all Supplements thereto.

“**Amortization Schedule**” means the loan amortization schedule attached as **Exhibit B** hereto, which may be amended on the Conversion Date based on the updated Amortization Schedule provided by the Servicer in connection with Conversion, and which may be amended from time to time with the approval of the Servicer.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower and its affiliated companies from time to time concerning or relating to bribery or corruption.

“**Approved Transferee**” means (a) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more or an institutional “accredited investor” as described in Rule 501(a)(1), (2), (3) or (8) promulgated under the Securities Act of 1933, as amended; provided, in the case of an accredited investor under Rule 501(a)(8), all of the equity owners of such accredited investor shall be as described in Rule 501(a)(1), (2) or (3) of Regulation D of the Securities Act of 1933, as amended, (b) an affiliate of the Permanent Lender that is a QIB, or (c) a special-purpose entity, a trust or a custodial or similar pooling arrangement from which the Bonds or securitized interests therein are not expected to be sold except to (x) owners or beneficial owners thereof that are an “accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act or a qualified institutional buyer or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereon of at least “A” or better.

“**Authorized Denomination**” means, (1) during the Cash Collateralized Mode, \$5,000 or any integral multiple of \$1,000 in excess thereof, and (2) during the Permanent Mode, \$250,000, or any integral multiple of [\$1,000] in excess thereof. [Denomination to be confirmed by Perm Lender.]

“**Authorized Officer of the Issuer**” means with regards to the Chair of the Board of Commissioners and the Executive Director of the Issuer, or for purposes of the closing, in the Executive Director’s absence a Deputy Executive Director, and any other, officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally on behalf of the Issuer as evidenced by a written certificate furnished to the Lender, the Trustee, the Servicer (if any) and the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Officer of the Issuer. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Officer of the Issuer.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.



**“Bond Counsel”** means Hawkins Delafield & Wood LLP, or another attorney at law or firm of attorneys of nationally recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

**“Bond Fund”** means the Bond Fund created in Section 4.1 of this Indenture.

**“Bond Loan Account”** means the Bond Loan Account of the Project Fund created in Section 4.1 hereof.

**“Bond Payment Date”** means each Interest Payment Date and any other date interest or principal on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

**“Bond Service Charges”** means, for any period or payable at any time, the principal of and interest, and Prepayment Premium, if any, on the Bonds for that period or payable at that time whether due at maturity or upon redemption, mandatory tender or acceleration.

**“Bond Year”** has the meaning as set forth in the Tax Certificate.

**“Bondholder”** or **“Holder of the Bonds”** or **“Holder”** or **“Owner of the Bonds”** or **“Owner”** when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained at the Trust Office for that purpose.

**“Bondholder Representative”** means the Majority Owner or any Person designated by the Majority Owner to act on behalf of the Majority Owner as provided in Section 12.16 hereof, or an assignee of such Person as provided in Section 12.16 hereof. The initial Bondholder Representative shall be the Permanent Lender.

**“Bonds”** means the Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E of the Issuer authorized pursuant to the Resolution and this Indenture, in the original principal amount of \$[Principal Amount].

**“Book-Entry Form”** or **“Book-Entry System”** means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates “immobilized” in the custody of the Securities Depository.

**“Borrower”** means 2111 Firestone LP, a California limited liability company, and its successors and assigns.

**“Borrower Documents”** means the Loan Agreement, the Note, the Tax Certificate, the Initial Bond Purchase Agreement, the Forward Bond Purchase Agreement, the Construction Loan Documents, the Permanent Loan Documents, the Partnership Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement.

**“Borrower Representative”** means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

**“Borrower’s Obligations”** means the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement, the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Regulatory Agreement, the Tax Certificate, and any of the other Borrower Documents, to perform or observe.

**“Business Day”** or “business day” means a day, other than a Saturday or a Sunday, on which (a) banking institutions in Los Angeles, California or in the city in which the Designated Office of the Trustee or Remarketing Agent are located or authorized or obligated by law or executive order to be closed, (b) The New York Stock Exchange is closed, or (c) the Federal Reserve System is closed.

**“Capital Improvements Reserve and Security Agreement”** means that certain Capital Improvements Reserve and Security Agreement dated as of even date herewith by and among the Borrower, the Trustee and the Permanent Lender.

**“Cash Collateralized Mode”** means the period starting on the Closing Date and ending on the Conversion Date.

**“Cash Flow Projection”** means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period, and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in Section 3.8 hereof, (iii) the release of Eligible Funds from the Negative Arbitrage Account of the Bond Fund, as provided in Section 4.3 hereof, (iv) the purchase, sale or exchange of Eligible Investments as provided in Section 6.1, and (v) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par, as described in Section 6.1.

**“Closing Date”** means [Closing Date], the date of initial delivery of the Bonds in exchange for the purchase price thereof.

“**CGF Loan**” means the loan to the Borrower from the Los Angeles County Development Authority in the maximum principal amount of \$[5,000,000]/

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

“**Collateral Fund**” means the Collateral Fund created in Section 4.1 hereof.

“**Completion Certificate**” means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in Section 3.5 of the Loan Agreement.

“**Completion Date**” shall mean date “Substantial Completion” under and for purposes of the Construction Loan and Permanent Loan Agreement shall have occurred.

“**Condemnation**” means any taking of title, of use, or of any other property interest under the exercise of the power of eminent domain, by any governmental body or by any person acting under Governmental Authority.

“**Conditions to Conversion**” has the meaning assigned to such term in the Construction Loan and Permanent Loan Agreement.

“**Construction Deed of Trust**” means the Deed of Trust, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing executed by Borrower in favor of the [Title Company/DOT Trustee], for the benefit of the Construction Lender.

“**Construction Draw Schedule**” means the schedule of the disbursement of the proceeds of the Construction Loan agreed to between Construction Lender and Borrower before the Closing Date.

“**Construction Lender**” means KeyBank National Association, or its successors and assigns.

“**Construction Loan**” means the construction loan, in the amount of \$[Principal Amount] from the Construction Lender to the Borrower pursuant to the Construction Loan and Permanent Loan Agreement.

“**Construction Loan and Permanent Loan Agreement**” means the Construction Loan and Permanent Loan Agreement by and between the Borrower and KeyBank National Association, in its capacity as Construction Lender and Permanent Lender.

“**Construction Loan Documents**” means the Construction Loan and Permanent Loan Agreement, the Construction Deed of Trust, the Environmental Indemnity Agreement, the Guaranty, the other Loan Documents (as defined in the Construction Loan and Permanent Loan Agreement), and all other documents required by the Construction Lender in connection with or as security for the Construction Loan, including without limitation, the Construction Loan Note and the Construction Deed of Trust.

**“Construction Loan Note”** means one or more promissory notes evidencing the Construction Loan in the aggregate principal amount of up to \$[Principal Percent].

**“Construction Loan Repayment Fund”** means the fund establish pursuant to Sections 4.1 and 4.12 of this Indenture.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement dated as of June 1, 2023, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Conversion”** means the conversion of the Bonds from the Cash Collateralized Mode to the Permanent Mode and the purchase thereof by the Permanent Lender.

**“Conversion Date”** means the date on which the Bonds convert from the Cash Collateralized Mode to the Permanent Mode, provided that the Conversion Date may not occur prior to [Initial Conversion Date].

**“Conversion Date Deadline”** means (i) [Initial Conversion Date] [December 1, 2025], and (ii) if extended with the written approval of the Construction Lender and Permanent Lender, the date chosen for such extended deadline, provided, however, that the Conversion Date Deadline cannot be extended beyond the Extended Conversion Date Deadline. [Perm Lender to confirm.]

**“Costs”** with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act (to the extent the same are capital in nature or otherwise permitted under the terms of the Tax Certificate).

**“Costs of Issuance”** means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Bonds, including the Issuer Closing Fee.

**“Costs of Issuance Deposit”** means the deposit in the amount of \$[COI Deposit] which is to be funded by the Borrower into the Costs of Issuance Fund pursuant to Section 4.8 of this Indenture.

**“Costs of Issuance Fund”** means the Costs of Issuance Fund created pursuant to Section 4.1 of this Indenture.

**“Deed of Trust”** shall mean (i) the Construction Deed of Trust, (ii) the Permanent Loan Deed of Trust, and (iii) the Delivery Assurance Fee Deed of Trust, Assignment, Security Agreement and Fixture Filing, dated as of June 1, 2023, executed by the Borrower in favor of the Permanent Lender.

**“Default”** means any Default under the Loan Agreement as specified in and defined by Section 7.1 thereof.

**“Designated Office”** of the Trustee, the Lender, the Issuer or the Underwriter means, respectively, the office of the Trustee, the Lender, the Issuer or the Underwriter at the respective Notice Address set forth in this Section 1.1 or at such other address as may be specified in writing

by the Trustee, the Lender, the Issuer or the Underwriter, as applicable, as provided in Section 12.6 hereof.

**“Determination of Taxability”** means (a) a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for federal income tax purposes (other than an Holder who is a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code); or (b) the enactment of federal legislation that would cause interest on the Bonds to be includable in gross income for federal income tax purposes; provided, that no such decree, judgment, or action under (a) will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

**“Dissemination Agent”** means initially U.S. Bank Trust Company, National Association, a national banking association, or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

**“Documents”** means and shall include (without limitation), with respect to the Bonds, this Indenture, the Loan Agreement, the Note, the Regulatory Agreement, the Tax Certificate, the Borrower Documents, the Issuer Documents, the Permanent Loan Documents and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer’s Obligations or the Borrower’s Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto, but excluding the Construction Loan Documents.

**“Effective Gross Income”** means gross potential rent (including proceeds of rent loss insurance), due but unpaid rental subsidy and other income collected from the residential units at the Project, less a vacancy rate. For restricted units, the Servicer will underwrite gross potential rent at the lower of restricted (other than for units receiving project-based operating subsidy), actual or market rent levels. Unrestricted units will be underwritten at the lower of market or actual rent levels. Gross potential rent will be reduced by any current, existing or future tenant rent concessions. Other income shall be on a reoccurring or stabilized basis including income collected from garbage, parking, laundry, telephone, cable, or data provider fees, clubhouse revenues, pet and late fees, as determined by the Servicer in its discretion. Other income shall not include interest income, commercial income, tenant deposits and other non-residential related income.

**“Electronic Means”** means facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

**“Eligible Funds”** means, as of any date of determination, any of:

(a) The proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds);

(b) Money received by the Trustee representing advances to the Borrower of proceeds of the Construction Loan, the Permanent Loan, the HHC Loan, the CGF Loan, and the NPLH Loan, as applicable;

(c) Money received by the Trustee from the Underwriter for deposit to the Negative Arbitrage Account or to the Collateral Fund;

(d) Remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase or remarketing price by the Underwriter or Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);

(e) Any other amounts for which the Trustee has received an Opinion of Counsel selected by the Issuer (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) The proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

(g) Any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(h) Investment income derived from the investment of the money described in (a) through (g) above.

“**Eligible Investments**” means, subject to the provisions of Section 6.1, any of the following investments:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America (including, when available, time deposit SLGS) on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America (“Government Obligations”); or

(b) Money market funds rated Aaa-mf by Moody’s investing in Government Obligations, which funds are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended (including any money market funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such money market funds and receives reasonable compensation therefor).

“**Encumbrance**” means any mortgage, pledge, lien, security interest, charge or other encumbrance, including but not limited to (i) any covenant or agreement restricting, regulating or

otherwise affecting the use of, and binding on and running with, the Land or the Project and (ii) utility easements or service agreement which benefit the Project and which do not encroach upon the Improvements.

**“Environmental Indemnity Agreement”** means the Environmental and Building Laws Indemnity Agreement by the Borrower and the Guarantor to and for the benefit of the Construction Lender and the Permanent Lender.

**“Equity Account”** means the Equity Account of the Project Fund created in Section 4.1 hereof.

**“Event of Default”** or **“Default”** means, when used in this Indenture, those events of default or defaults specified in Section 9.1 hereof and, when used in the Loan Agreement, those events of default or defaults specified in Section 7.1 thereof.

**“Expense Fund”** means the Expense Fund created pursuant to Section 4.1 hereof.

**“Extended Conversion Date Deadline”** means [Initial Conversion Date + 1 year] [June 1, 2023]. [Perm Lender to confirm.]

**“Extension Payment”** means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.8 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

**“Force Majeure”** means, to the extent the Project is materially adversely affected, fire, earthquake, major flooding, any other condition causing the area within which the Project is located to be declared a federal disaster area, other acts of nature, strike, lockout, acts of public enemy, riot, insurrection, emergency affecting the sale or transportation of materials or supplies needed to construct the Project, or any similar condition not in the control of the Borrower or Contractor.

**“Forward Bond Purchase Agreement”** means the Forward Bond Purchase Agreement dated [Closing Date], by and among the Trustee, the Borrower and the Permanent Lender.

**“Governmental Authority”** means any federal, district or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

**“Governmental Obligations”** means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

**“Governmental Requirements”** means all laws, ordinances, orders, rules or regulations of all Governmental Authorities applicable to the Project, the Issuer, the Borrower or any of the Borrower’s assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

**“Guarantor”** means, collectively, Elsey partners, LLC, a [\_\_\_\_\_] limited liability company, Prime Holdings, LLC, a [\_\_\_\_\_] limited liability company, Bryan Else and Holly Helmers Elsey, husband and wife, Chris Esley and Sarah Elsey, husband and wife, and their successors and assigns.

**“Guaranty”** means, collectively, the Completion Guaranty, the Limited Recourse Guaranty (each as defined in the Construction Loan and Permanent Loan Agreement), each by the Guarantor in favor of the Keybank National Association, in its capacity as Construction Lender and Permanent Lender.

**“Highest Rating Category”** means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall not be below “Aaa” or “Aaa/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

**“HHC Loan”** means the loan to the Borrower from the California Department of Housing & Community Development in the maximum principal amount of \$[9,250,000].

**“Improvements”** means all structures or buildings now or hereafter erected or placed on the Land, including, without limitation, the Project, and all Additions thereto.

**“Indenture”** means this Trust Indenture, dated as of June 1, 2023, between the Issuer and the Trustee, and any and all Supplements thereto.

**“Independent”** means any person not an employee or officer of the Borrower or its affiliates.

**“Initial Bond Purchase Agreement”** means the Initial Bond Purchase Agreement dated [Pricing Date], by and among the Issuer, the Borrower and Underwriter.

**“Initial Deposit”** means Eligible Funds in the amount of \$0.00 to be deposited in the Negative Arbitrage Account of the Bond Fund on the Closing Date.

**“Initial Interest Rate”** means [\_\_\_\_\_] % per annum.

**“Initial Mandatory Tender Date”** means [Initial Mandatory Tender Date].

**“Initial Remarketing Date”** means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 3.8 hereof are satisfied.

**“Interest Payment Date”** means (1) during the Cash Collateralized Mode, (a) January 1 and July 1 of each year beginning January 1, 2024, (b) each Redemption Date, and (c) each



Mandatory Tender Date and (2) during the Permanent Mode commencing on the first (1st) day of the first month following the Conversion Date and on the first (1st) day of each calendar month thereafter.

**“Interest Period”** means, initially, the period from the Closing Date through and including the January 1, 2024, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of the month preceding the next Interest Payment Date.

**“Interest Rate”** means, as applicable, the Initial Interest Rate (to but not including the Initial Mandatory Tender Date), the applicable Remarketing Rate and the Permanent Rate, in each case subject to State law.

**“Interest Rate for Advances”** means the rate of twelve percent per annum (12%) or the rate per annum which is two percent (2%) plus that interest rate announced by the Lender or one of its affiliates in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part, in each case subject to State law.

**“Investor Letter”** means that certain letter, the form of which is attached as Exhibit C hereto, to be delivered by each Holder and transferee of the Bonds to the Issuer.

**“Investor Member”** means Key Community Development Corporation, an Ohio corporation, or its successors and assigns.

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

**“Issuer Documents”** means the Loan Agreement, the Indenture, the Initial Bond Purchase Agreement, the Regulatory Agreement, the Tax Certificate and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan evidenced by the Loan Agreement.

**“Issuer Annual Fee”** means the portion of the Issuer Fee payable after the Closing Date under Section 7(n) of the Regulatory Agreement.

**“Issuer Closing Fee”** means the Issuer’s issuance fee payable to the Issuer on or before the Closing Date from amounts in the Costs of Issuance Fund or otherwise by the Borrower, as set forth in Section 7(n) of the Regulatory Agreement.

**“Issuer’s Obligations”** means the obligations of the Issuer under the Bonds, this Indenture, and the other Documents to (a) pay the principal of and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, this Indenture, or any of the other Documents, to perform and observe.

“**Land**” shall mean the parcel of real property located in Los Angeles, California, on which the Project is located, as more particularly described in the recitals of the Loan Agreement.

“**Lender**” means (1) during the Cash Collateralized Mode, the Construction Lender and (2) during the Permanent Mode, the Permanent Lender.

“**Loan**” means the loan by the Issuer to the Borrower in the principal amount of \$[Principal Amount] made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

“**Loan Agreement**” means the Loan Agreement, dated of even date herewith by and among the Issuer and the Borrower, as the same may from time to time be amended, modified, or supplemented as provided therein and in this Indenture.

“**Loan Payments**” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and Section 4.2 of the Loan Agreement.

“**Local Time**” means Pacific time (daylight or standard, as applicable) in the State of California.

“**Majority Owner**” means, during the Permanent Mode, the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

“**Managing Member**” means [\_\_\_\_\_], a [\_\_\_\_\_], and its successors and assigns.

“**Mandatory Tender Date**” means (a) the Initial Mandatory Tender Date, (b) the Conversion Date, and (c) if the Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.8 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“**Maturity Date**” means [June \_\_, 2040].

“**Maximum Interest Rate**” means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate per annum permitted by the applicable law of the State.

“**Moody’s**” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

“**Negative Arbitrage Account**” means the Negative Arbitrage Account within the Bond Fund created in Section 4.1 hereof.

“**Net Cash Flow**” means, for any period, the amount, if any, by which (a) Effective Gross Income during such period exceeds (b) the sum of (i) Operating Expenses for such period, and (ii) all principal and interest due under the Documents for such period.

“**Net Proceeds**” means when used with respect to any Condemnation awards or insurance proceeds allocable to the Property, the gross proceeds from Condemnation or insurance remaining after payment of all expenses (including reasonable attorneys’ fees) incurred in the collection of such gross proceeds.

“**Note**” means the Promissory Note dated the Closing Date from the Borrower to the Issuer in substantially the form attached as **Exhibit A-1** to the Loan Agreement, as amended and restated at Conversion in the form attached as **Exhibit A-2** to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

“**Notice Address**” means, unless otherwise designated pursuant to Section 12.6 hereof:

(a) As to the Issuer:

Los Angeles County Development Authority  
700 West Main Street  
Alhambra, CA 91801 3312  
Attention: Matthew Lust and Vittoria Banez  
Telephone: (626) 262 4511  
Facsimile: (626) 943 3818

and

Behnaz Tashakorian  
Office of the County Counsel  
Government Services Division  
500 W. Temple St., Suite 638  
Los Angeles, CA 90012

(b) As to the Trustee:

U.S. Bank Trust Company, National Association  
633 West 5th Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust  
Ref: Issuer MF (2111 Firestone 2023E)  
Facsimile: (213) 615-6199

(c) As to the Borrower:

[TO COME]

With a copy to:

[TO COME]

And with a copy to Investor Member:

Key Community Development Corporation

Mailcode: OH-01-27-0761  
127 Public Square, 7th Floor  
Cleveland, Ohio 44114  
Attention: Asset Management  
Email: [Becca\\_Ickowicz@keybank.com](mailto:Becca_Ickowicz@keybank.com)

With a copy to:

Barns & Thornburg LLP  
41 South High St., Suite 3300  
Columbus, OH 43215  
Attention: Katrina Thompson  
Telephone: (614) 628-1459  
Email: [Katrina.Thompson@btlaw.com](mailto:Katrina.Thompson@btlaw.com)

(d) As to the Construction Lender:

KeyBank National Association  
4910 Tiedeman Road, 5th Floor  
Mail Code OH-01-51-0570  
Brooklyn, Ohio 44144  
Attention: Community Development Lending  
Telephone: (216) 689-5579  
Facsimile: (216) 689-5712  
Reference: 2111 Firestone LP, Loan No. 10243905

(e) As to the Permanent Lender:

KeyBank National Association  
4910 Tiedeman Road, 5th Floor  
Mail Code OH-01-51-0570  
Brooklyn, Ohio 44144  
Attention: Community Development Lending  
Telephone: (216) 689-5579  
Facsimile: (216) 689-5712  
Reference: 2111 Firestone LP, Loan No. 10243905

(f) As to the Remarketing Agent:

KeyBanc Capital Markets Inc.  
88 East Broad St.  
Columbus, OH 43215

Attention: Sam Adams  
Telephone: (614) 460-3416  
Email: [sam.adams@key.com](mailto:sam.adams@key.com)

With a copy to:

Tiber Hudson LLC  
1900 M Street, N.W., 3rd Floor  
Washington, DC 20036  
Attention: Kent Neumann, Esq.  
Telephone Number: (202) 973-0107  
Email: [kent@tiberhudson.com](mailto:kent@tiberhudson.com)

(g) As to the Rating Agency:

Moody's Investors Service, Inc.  
World Trade Center  
250 Greenwich Street, 23rd Floor  
New York, New York 10007  
Attention: Public Finance Department –  
Municipal Structured Products Group  
Email: [Housing@moodys.com](mailto:Housing@moodys.com)

“**NPLH Loan**” means the loan to the Borrower from the Los Angeles County Development Authority in the maximum principal amount of [\$1,120,000].

“**Official Statement**” means the Official Statement dated [Pricing Date], relating to the Bonds during the Cash Collateralized Mode.

“**Operating Expenses**” means, in the aggregate, for any period, all current expenses of the ownership, operation and maintenance of the Project for such period, as determined on an accrual basis, including but not limited to all deposits to the reserves established under this Indenture, but excluding, however, (a) all principal and interest due under the Documents (b) any expenses for repairs or improvements which have been approved by the Servicer and which have been or will be paid from amounts on deposit in the reserves established under the Documents, (c) the Issuer's Fee, the Trustee's Ongoing Fee and the other fees of the Servicer, the Issuer and the Trustee payable by the Borrower under the terms of the Documents, and (d) depreciation, amortization and other non-cash expenses with respect to such period.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys, acceptable to the recipient of such opinion, with experience in the matters to be covered in the opinion.

“**Outstanding**,” “**outstanding**” or “**Bonds Outstanding**” when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with Article VIII; or

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture.

**“Partnership Agreement”** means that certain [Amended and Restated Limited Partnership Agreement of the Borrower dated as of [Closing Date] of the Borrower.

**“Permanent Deed of Trust”** means the Construction Deed of Trust as assigned by the Construction Lender to Trustee and Permanent Lenders as co-beneficiaries in connection with Conversion.

**“Permanent Lender”** means KeyBank National Association, a national banking association, and its successors and assigns.

**“Permanent Loan”** means the loan from the Permanent Lender to the Borrower pursuant to the Construction Loan and Permanent Loan Agreement.

**“Permanent Loan Amount”** means the maximum permanent loan amount of the Bonds after the Conversion Date of \$[Max Per Amount], or such other amount as described in the Construction Loan and Permanent Loan Agreement and in the Forward Bond Purchase Agreement.

**“Permanent Loan Documents”** shall mean the Loan Documents (as defined in the Construction Loan and Permanent Loan Agreement) applicable during the Permanent Mode.

**“Permanent Mode”** means the period starting on the Conversion Date and ending on the Maturity Date.

**“Permanent Rate”** means, during the Permanent Mode, a fixed interest rate of [\_\_\_]% per annum.

**“Permitted Encumbrances”** means (a) any matters set forth in any policy of title insurance issued to the Construction Lender and insuring the Construction Lender’s interest in the Project which are acceptable to the Construction Lender, Issuer and Permanent Lender as of the date hereof, (b) the Encumbrances and interests of the Deeds of Trust, (c) any other Encumbrance approved in writing by the Construction Lender, the Permanent Lender and the Issuer; provided, however that the consent of the Construction Lender shall not be required during the Permanent Phase, (d) the Regulatory Agreement, (e) liens for property taxes not delinquent or being contested in good faith and by appropriate proceedings, (f) granting liens or other security interests in favor of the Issuer, Trustee, Construction Lender, Permanent Lender, or AHFC, and (g) any agreements, restrictions and covenants existing and required in connection with any tax-exempt bond financing, tax abatement, or Section 42 of the Internal Revenue Code.

**“Permitted Transfers”** means, subject to the laws of the State as then in effect at the time of such Permitted Transfer, any transfer of (a) any direct or indirect owners of interests in the Borrower to (i) transfer, convey, sell or otherwise dispose (a “Transfer”) their ownership interests to any Affiliate, or in connection with any estate planning, or by operation of law, or (ii) make

Transfers among and between themselves, or (b) Borrower to make Transfers as otherwise permitted by (or subject to the terms and conditions set forth in) the Regulatory Agreement.

“**Person**” means any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing..

“**Prepayment Premium**” has the meaning given to such term in the Construction Loan and Permanent Loan Agreement.

“**Project**” has the meaning described in the recitals.

“**Project Fund**” means the Project Fund created in Section 4.1 hereof.

“**Qualified Project Costs**” means, for purposes of this Indenture, costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during construction of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction of the Project; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by a Borrower Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such Affiliate in constructing the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by such Affiliate, and (C) any overhead expenses incurred by such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an “affiliated group” (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to June 14, 2022, being the date on which the Issuer first declared its “official intent” to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the Bonds; and (iv) if the costs of the acquisition and construction of the Project were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) “preliminary expenditures” (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project incurred before commencement of acquisition and construction of the Project that do not exceed 20% of the issue price of the Bonds (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditures were paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of

Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Bonds; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Project Costs.

“**Rating Agency**” means any national rating agency then maintaining a rating on the Bonds, and initially means Moody’s.

“**Rating Category**” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“**Rebate Amount**” means the amount, if any, which is to be paid to the United States of America pursuant to the Section 148(f) of the Code and Section 4.7 hereof.

“**Rebate Analyst**” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst and the Borrower fails to pay such fee one month prior to any date on which calculations are required to be made, any qualified person retained by the Trustee to calculate the Rebate Amount. The initial Rebate Analyst will be Hawkins Delafield & Wood LLP.

“**Rebate Fund**” means the Rebate Fund created in Section 4.1 hereof.

“**Record Date**” means the 15th day of the month preceding the date on which interest is due and payable.

“**Redemption Date**” means any date hereunder on which the Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds, (c) pursuant to Sections 3.1 and 3.5 hereof or (d) as set forth in the Construction Loan and Permanent Loan Agreement.

“**Regulations**” shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

“**Regulatory Agreement**” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2023, by and between the Issuer and the Borrower, as the same may be amended, modified or supplemented from time to time.

“**Remarketing Agent**” means KeyBanc Capital Markets Inc, or any successor as Remarketing Agent designated in accordance with Section 10.24.

“**Remarketing Agent’s Fee**” means the fee of the Remarketing Agent for its remarketing services.



**“Remarketing Agreement”** means the Remarketing Agreement, dated as of June 1, 2023, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

**“Remarketing Date”** means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.8 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

**“Remarketing Expenses”** means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

**“Remarketing Notice Parties”** means the Borrower, the Issuer, the Trustee, the Remarketing Agent and the Lender.

**“Remarketing Period”** means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 3.8 or the final Maturity Date of the Bonds, as applicable.

**“Remarketing Proceeds Account”** means the Remarketing Proceeds Account of the Bond Fund created in Section 4.1 hereof.

**“Remarketing Rate”** means the interest rate or rates established pursuant to Section 2.1 hereof and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the Conversion Date, as applicable.

**“Requisition”** means the request on the form attached hereto as Exhibit E to make a disbursement from the Project Fund in the manner provided pursuant to Section 5.4 hereof.

**“Reserved Rights of the Issuer”** means the rights of the Issuer consisting of: (a) all rights which the Issuer and its officers, directors, members, officials, agents or employees may have under this Indenture, the Loan Agreement and other Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, directors, officials, agents or employees; (b) the right of the Issuer to give and receive notices, reports or other information, make determinations and grant approvals hereunder and under the Documents; (c) the right of the Issuer to give and receive its fees, costs and expenses pursuant to the Loan Agreement and the Regulatory Agreement; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly to the requirements of the Act or any requirements imposed by the Issuer with respect to the Project, or necessary to assure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any of the Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer in connection with any amendment to or modification of the Documents; and (f) all enforcement remedies with respect to the foregoing.

“**Resolution**” means that certain resolution of the Issuer adopted by the Board of Commissioners of the Issuer on May \_\_, 2023, authorizing the issuance and sale of the Bonds.

“**Revenue Account**” means the Revenue Account of the Bond Fund created in Section 4.1 hereof.

“**Revenues**” means (a) the Loan Payments, (b) Eligible Funds delivered to the Trustee for deposit into the Collateral Fund, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

“**Securities Depository**” means the Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

“**Servicer**” means, during the Permanent Mode, the Permanent Lender, or, if the Permanent Lender appoints a separate entity to be the servicer, such servicer. During any other times as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

“**Special Investor Member**” means [\_\_\_\_\_], a [\_\_\_\_\_] limited liability company, and its successors or assigns.

“**Special Funds**” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein.

“**Supplement**” or “**Supplements**” means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

“**Tax Certificate**” means the Tax Certificate, dated as of the Closing Date, executed by the Issuer and the Borrower, as amended, supplemented or otherwise modified from time to time.

“**Taxable Rate**” means the interest rate per annum which is the applicable Interest Rate plus [\_\_\_] %.

“**Transfer**” means (a) a sale, assignment, transfer or other disposition (whether voluntary, involuntary, or by operation of law), (b) the grant, creation, or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary, or by operation of law), (c) the issuance or other creation of a direct or indirect ownership interest, (d) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity, or (e) the merger, dissolution, liquidation or consolidation of a legal entity. The term “Transfer” shall not mean or include (i) the conveyance of the Project at a judicial or non-judicial foreclosure sale during the Permanent Mode under a Deed of Trust, or (ii) the Project becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code.

“**Trustee**” or “**Corporate Trustee**” means U.S. Bank Trust Company, National Association, a national banking association, organized and existing under the laws of the United States and authorized to conducted business in the State of California, with a corporate trust office in Los Angeles, California and its successor or successors in the trust created by this Indenture.

“**Trustee’s Ongoing Fee**” means \$\_\_\_\_\_ paid annually and, if the Trustee also serves as Dissemination Agent, \$\_\_\_\_\_ per filing with a \$1,000 minimum annual fee.

“**Trust Estate**” has the meaning given such term in the Granting Clauses of this Trust Indenture.

“**Trust Office**” means the trust office of the Trustee located at the address set forth in Article I hereof or such other office designated by the Trustee from time to time, or such other offices as may be specified in writing to the Issuer by the Trustee.

“**Undelivered Bond**” means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“**Underwriter**” means KeyBanc Capital Markets Inc.

Section 1.2. Rules of Construction. The words “hereof,” “herein,” “hereunder,” “hereto,” and other words of similar import refer to this Indenture in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections, and other subdivisions of this Indenture.

The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code and applicable Income Tax Regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Bonds.

Any reference to a Bond or to the Bonds shall include each portion in the minimum authorized denomination of any registered bond having a denomination greater than the minimum authorized denomination.

Whenever the Lender is required to give its consent or approval to any matter, whether stated as “consent,” “written consent,” “prior written consent,” “approval,” “written approval,”

“prior written approval” or otherwise, the giving of such consent or approval by the Lender shall be in its sole and complete discretion.

Whenever the Lender shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve or consent to any matter, such exercise, determination, acceptance, approval or consent shall, without exception, be in the Lender’s sole and absolute discretion.

References to the Bonds as “tax-exempt” or to the “tax-exempt status” of the Bonds are to the exclusion of interest on the Bonds (other than any Bond held by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

All references in this Indenture to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

## ARTICLE II

### CREATION OF BONDS; DETAILS OF THE BONDS

#### Section 2.1. Authorization and Terms of Bonds.

(a) Authorization of Bonds. The Issuer hereby authorizes for issuance under this Indenture, bonds in the original aggregate principal amount of \$[Principal Amount], which shall be designated “Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E” shall be in Authorized Denominations, shall be dated the Closing Date, and shall be issued subject to the terms, conditions and limitations established in this Indenture as hereinafter provided.

(b) Registered Form; Numbering. The Bonds shall be issuable only as fully registered Bonds in authorized denominations, substantially in the form, appropriately completed, attached hereto as Exhibit A-1 and made a part hereof. The Bonds shall be lettered “R,” and shall be numbered separately from “1” consecutively upward.

(c) Date, Denominations, Dates from Which Interest Payable, Interest Rate and Maturity. The Bonds shall be dated the Closing Date, shall be issued in Authorized Denominations, and shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. While the Bonds bear interest at the Initial Interest Rate, at the Remarketing Rate, or at the Permanent Rate, interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. While the Bonds bear interest at the Taxable Rate, interest on the Bonds shall be calculated on the basis of a year consisting of 365 or 366 days, as applicable, and actual days elapsed. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.1 hereof and subject to Mandatory Tender for purchase as set forth in Section 3.6 hereof.

(d) Initial Interest Rate. During the Cash Collateralized Mode, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.6 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the purchase price, with interest being paid monthly on the first Business Day of each month.

(e) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.1. Not less than ten (10) Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 3.8 hereof. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed.

(f) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone, promptly confirmed in writing, or Electronic Means to the Trustee, the Issuer and the Borrower. The determination of the Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

(g) Permanent Interest Rate. During the Permanent Mode, the Bonds shall bear interest at the Permanent Rate. Provided the Trustee receives notice pursuant to Section 3.9 of this Indenture, the Trustee shall provide notice by first-class mail, postage prepaid, to all Owners (with a copy to the Issuer and the Borrower) at their addresses shown on the bond register stating that the interest rate on the Bonds will be converted to the Permanent Rate effective on the Conversion Date. Failure to mail any such notice or any defect in the mailing thereof in respect of any Bond shall not affect the validity of the conversion of the interest rate with respect to any Bond.

(h) Taxable Rate. After the Conversion Date, upon the occurrence of a Determination of Taxability, the amount owed to the Owners will be equal to (i) an additional amount equal to the difference between (A) the amount of interest paid on the Bonds during the taxable period, and (B) the amount of interest at the Taxable Rate that would have been paid on the Bonds during the taxable period had the Bonds borne interest at the Taxable Rate, plus (ii) an amount equal to any interest, penalties on overdue interest and additions to tax owed by the Owners as a result of the

occurrence of a Determination of Taxability. This provision shall survive the discharge of this Indenture pursuant to Article VIII hereof.

(i) Additional Interest. The Owners of the Bonds shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Account of the Bond Fund pursuant to the provisions of Section 4.2(d) of the Loan Agreement.

(j) Book-Entry Form. Pursuant to Section 2.11 of this Indenture, during the Cash Collateralized Mode, the Bonds shall be in Book-Entry Form by issuing a single bond in the amount of \$[Principal Amount], registered in the name of Cede & Co., as nominee for DTC. In the event DTC discontinues its service with respect to the Bonds and the Book-Entry System is terminated, replacement Bonds shall be issued in Authorized Denominations.

(k) Medium and Place of Payment. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and any other monies made available to the Issuer for such purpose. Principal of the Bonds shall be payable at the Designated Office of the Trustee upon presentation and surrender of the Bonds as the same become due, and upon the request of any registered owner of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, such principal shall be paid by wire transfer of immediately available funds from the Trustee to the bank and account number located in the United States of America specified by such Owner in writing to the Trustee. Interest on the Bonds shall be payable to the registered Owners of the Bonds by check or draft mailed to such Owners at their addresses as they appear on registration books kept by the Trustee as Bond Registrar, which address must be in the United States of America, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee at least three (3) Business Days prior to the applicable payment date.

(l) Form of Bonds. The definitive Bonds, which may be printed, typewritten, photocopied, or otherwise reproduced, including the Trustee's Certificate of Authentication to be endorsed thereon, shall be substantially in the form as set forth in **Exhibit A-1** attached hereto with such appropriate variations, omissions and insertions as permitted or required by this Indenture.

(m) Payments or Actions to be Taken on Saturdays, Sundays and Holidays. In any case where the date of any action required hereunder to be taken or the date of maturity of interest on or principal of the Bonds, shall not be a Business Day, then payment of interest or principal or the taking of such action need not be made or taken on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date such action was to be taken.

Section 2.2. Source of Payment of Bonds. The Issuer shall be obligated to pay the principal of and the interest on the Bonds only out of (a) the Revenues pledged for the payment thereof under this Indenture, (b) the amounts held in any fund or account created under this Indenture, other than amounts held in the Rebate Fund and the Costs of Issuance Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture

shall be construed as pledging any other funds or assets of the Issuer. All the Bonds to be issued hereunder shall be equally and ratably secured, to the extent provided herein, by this Indenture.

Section 2.3. Execution and Authentication of Bonds; Special, Limited Obligations. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair of the Issuer or the manual or facsimile signature of any Authorized Issuer Representative and attested to by the manual or facsimile signature of the Secretary of the Issuer or the manual or facsimile signature of any Authorized Issuer Representative. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bonds, such signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bonds that person was not the proper officer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in Exhibit A to this Indenture, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bonds so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

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

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the Bonds or for any claim based thereon or upon any obligation, provision, covenant or agreement contained in this Indenture against any past, present or future member, director, trustee, officer, official, employee or agent of the Issuer, or any member, director, trustee, officer, official, employee or agent of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such

director, trustee, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of any of the Bonds. Neither the officers of the Issuer nor any person executing the Bonds shall be personally liable on the Bonds by reason of the issuance thereof.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower or the owner of the Bonds as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action, and unless the action or performance by the Issuer is the result of its own gross negligence or willful misconduct.

Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section, the Issuer shall have received satisfactory indemnification.

Section 2.4. [Reserved].

Section 2.5. Authentication and Delivery of Bonds. The Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer as provided in this Section.

Prior to the authentication by the Trustee of the Bonds, there shall have been filed with the Trustee:

- (a) A certified copy of the Resolution duly certified by an Authorized Officer of the Issuer;
- (b) An original, fully executed counterpart of this Indenture;
- (c) An original, fully executed counterpart of the Loan Agreement, the Regulatory Agreement, the Tax Certificate and the original, fully executed Note (and with respect to the Note, endorsed without recourse by the Issuer to the Trustee);
- (d) A copy of completed IRS form 8038 to be filed by or on behalf of the Issuer pursuant to Section 149(e) of the Code.



(e) An approving Opinion of Bond Counsel in the form attached to the Official Statement;

(f) An opinion of Counsel for the Borrower to the effect that the Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower and such other opinions as are required by the Initial Bond Purchase Agreement, the Forward Bond Purchase Agreement, and the Construction Loan and Permanent Loan Agreement or reasonably requested by the Majority Owner;

(g) A request and authorization signed by an Authorized Officer of the Issuer authorizing the Trustee to authenticate and to deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery;

(h) Written evidence that the Bonds have been rated “Aaa/VMIG-1” or the Highest Rating Category by the Rating Agency;

(i) An original executed counterpart of the Construction Loan Documents;

(j) The Initial Deposit;

(k) Confirmation that the Borrower has paid the Issuer Closing Fee; and

(l) Such other documents, opinions and certificates as may be required by the Issuer, the Trustee (the Trustee having no duty to require any other document), or Bond Counsel.

The satisfaction of such above requirements to be conclusively evidenced by the delivery of the Bonds by the Issuer.

The proceeds from the sale of the Bonds shall be paid over directly to the Trustee and deposited to the credit of the Bond Loan Account of the Project Fund, as provided under Article V hereof.

Section 2.6. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, typewritten or photocopied Bonds in temporary form, substantially of the tenor of the Bonds herein described, and with appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form shall be delivered in denominations authorized by this Indenture, may be numbered using the prefix “T” before any number thereon as authorized by this Indenture, and may bear a legend thereon setting forth the terms for the exchange thereof for Bonds in definitive form. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit of this Indenture. The Issuer shall, without unreasonable delay (unless the Holders of the Bonds issued in temporary form agree otherwise), prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in a definitive authorized form in Authorized Denominations, of the same maturity or maturities,

bearing the same interest rate or rates and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the Issuer at the Borrower's expense and without making any charge to the Holders of the Bonds therefor.

Section 2.7. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as that of the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The Trustee may, with the consent of the Holder, provide to the Holder a typewritten (or similarly reproduced) Bond certificate in lieu of a printed Bond certificate. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their expenses and reasonable fees, if any, in connection with the preparation, execution and authentication of a replacement Bond.

Section 2.8. Registration, Negotiability, Transfer and Exchange of Bonds. All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep at the Designated Office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Trustee may prescribe, any Bond entitled to registration or transfer.

Each Bond shall be transferable only upon the books of the Issuer maintained for such purpose by the Trustee, at the written request of the registered Owner thereof or his attorney duly authorized in writing, upon presentation and surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of any Bond, the Issuer shall issue, and the Trustee shall authenticate, in the name of the transferee, in Authorized Denominations, a new Bond or Bonds without coupons of the same aggregate principal amount, series, maturity and interest rate as the surrendered Bond.

The Issuer and the Trustee may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Issuer as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

If the Bonds are redeemed in part, then upon the presentation and surrender of each Bond, the Trustee shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds of the same series, maturity and interest rate and in any Authorized Denomination, in an aggregate

principal amount equal to the unredeemed portion of such Bond or Bonds. Notwithstanding the foregoing, if following the Conversion Date, a Bond held by the Permanent Lender is redeemed in part, such partial redemption may be noted on such Bond and the Trustee shall not be obligated to authenticate and deliver any replacement Bond.

For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, any expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an interest payment date on the Bonds.

The following shall apply to all transfers of the Bonds from and after the Conversion Date:

- (a) the Bonds shall only be transferred to transferees that are Approved Transferees;
- (b) the Bonds shall only be transferred in an Authorized Denomination;
- (c) each transferee of the Bonds shall deliver to the Issuer an investor's letter in the form of **Exhibit C** hereto (the "**Investor's Letter**") wherein the transferee agrees, among other matters, not to sell participating interests in the Bonds without the prior written consent of the Issuer, provided, however, that notwithstanding anything herein to the contrary, no Investor's Letter shall be required in connection with a transfer of the Bonds to any Approved Transferee described in clauses (a), (b), (c), (d), or (e) of the definition of "Approved Transferee"; provided, further, that the Trustee may require an officer's certificate with respect to the proposed transferee's status as an "Approved Transferee";
- (d) if there is more than one Holder of the Bonds, the Majority Owner or any Person selected by the Majority Owner in accordance with Section 12.14 shall serve as Bondholder Representative;
- (e) ANY PURCHASER OF THE BONDS SHALL AGREE TO INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT RESULTS FROM SUCH PURCHASER TRANSFERRING THE BONDS IN VIOLATION OF THE REQUIREMENTS HEREOF. THE TRUSTEE SHALL FOLLOW ANY AUTHORIZATION OR DIRECTION BY THE ISSUER TO PUT A STOP ORDER ON THE BOND REGISTER IN REGARD TO THE FOREGOING RESTRICTIONS ON THE TRANSFER OF THE BONDS;
- (f) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 2.08 have been satisfied.

Section 2.9. Obligation of Issuer Limited. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND

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

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds..

THE BONDS, THE PRINCIPAL OF AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THIS INDENTURE AND NO OTHER REVENUES OR ASSETS OF THE ISSUER. THE BONDS, THE PRINCIPAL OF AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE STATE OF CALIFORNIA, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

Section 2.10. Cancellation and Destruction of Bonds. All Bonds which have been surrendered for payment, cancellation or for registration of transfer or exchange pursuant to Section 2.8 shall be cancelled and destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and, upon written request therefor, to the Borrower. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be destroyed by the Trustee at the end of such period. Any Bond so cancelled shall thereafter no longer be considered Outstanding for any purpose of this Indenture or the Loan Agreement.

Section 2.11. Book-Entry System. During the Cash Collateralized Mode:

(a) Except as provided in subparagraph (c) of this Section 2.11, the registered owner of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. (“Cede”), as nominee of The Depository Trust Company (“DTC”). Payment of semi-annual interest for any Bonds shall be made by transfer of same-day funds to the account of Cede on the interest payment date for the Bonds at the address indicated for Cede in the registration books of the Issuer kept by the Trustee.

(b) The Bonds shall be initially issued in the form of a separate single fully registered bond in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Issuer kept by the Trustee in the name of Cede, as nominee of DTC. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede, as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any participant of DTC (a “**Participant**”) or to any person for whom a Participant acquires an interest in the Bonds (a “**Beneficial Owner**”). Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds. The Issuer and the Trustee may treat as and deem DTC to be the absolute owner of each Bond for the purpose of payment of the principal of and interest on such Bond, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s Obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Payments of principal may be made without requiring the surrender of the Bonds, and the Issuer and Trustee shall not be liable for the failure of DTC or any successor thereto to properly indicate on the Bonds the payment of such principal. No person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal of and interest on the Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word “Cede” in this Indenture shall refer to such new nominee of DTC.

(c) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), Bond certificates will be delivered as described in this Indenture.

(ii) The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that: (1) DTC is unable to discharge its responsibilities with respect to the Bonds or (2) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds. In the event that no substitute

securities depository is found by the Issuer, or restricted registration is no longer in effect, Bond certificates will be delivered as described in this Indenture.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(ii)(2) of this Section 2.11, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(ii) or subparagraph (c)(ii)(1) of this Section 2.11 after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the applicable Representation Letter of the Issuer addressed to DTC, dated the date of delivery and issuance of the Bonds.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by the Bondholders, the Issuer or the Trustee, as the case may be, shall establish a special record date for such consent or other action and give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

On the Conversion Date the Trustee shall deliver the Bonds, in physical form, in the form described in **Exhibit A-2** and as attached hereto, and which may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

### ARTICLE III

#### REDEMPTION, MANDATORY TENDER, REMARKETING OF BONDS AND CONVERSION

Section 3.1. Redemption of Bonds. The Bonds are subject to redemption prior to the Maturity Date as follows:

(a) During the Cash Collateralized Mode, the Bonds shall be subject to mandatory redemption as follows:

(i) in whole, on the earliest practicable day for which notice of redemption may be given upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to Section 3.8 hereof and Section 4.5 of the Loan Agreement to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in Section 3.8(b) or Section 3.8(d) have not been met by the dates and times set forth therein,

or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable Redemption Date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund;

(ii) in part on the Conversion Date, in an amount necessary to reduce the aggregate principal amount of Outstanding Bonds to an amount in order to achieve compliance with the Conditions to Conversion;

(iii) in whole on the Conversion Date Deadline, if the loan of the proceeds of the Bonds by the Issuer to the Borrower in the Permanent Mode cannot be treated as a “program investment” as defined in Treasury Regulation Section 1.148-1(b) due to the Borrower (or any “related person,” as such term is used in Section 144(a)(3) of the Code, including the Investor Member) purchasing the Bonds in an amount related to the amount of such loan, unless the Issuer, the Trustee and the Permanent Lender have received an opinion of Bond Counsel to the effect that such proposed ownership structure will not adversely affect the excludability of interest on the Bonds from the gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code); and

(iv) in whole, on the Conversion Date Deadline, if the Conversion Date has not occurred on or prior to the Conversion Date Deadline.

(b) During the Cash Collateralized Mode, the Bonds shall not be subject to optional redemption.

(c) During the Permanent Mode, the Bonds shall be subject to mandatory redemption as follows:

(i) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Insurance and Condemnation Proceeds Fund and are not to be used to repair or restore the Project (which unused Condemnation Award or Insurance Proceeds shall be applied to the redemption of Bonds, unless all of the Owners shall have approved a proposed alternative application of such funds and the Trustee and the Servicer shall have received an opinion of Bond Counsel to the effect that such proposed alternative application of such funds will not adversely affect the excludability of interest on the Bonds from the gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code); provided that, prior to an Event of Default, the Borrower’s consent shall be required for the use of any Insurance Proceeds in a manner that is not permitted under the Permanent Loan Documents, as applicable);

(ii) in whole on the first Interest Payment Date for which notice can be given to the Owners in accordance with this Indenture following receipt by the Trustee of written notice from the Servicer demanding such redemption, following a Determination of Taxability;

(iii) in part on the first day of each calendar month as set forth in the Amortization Schedule (as it may be amended from time to time), in the amount set forth opposite such date in the Amortization Schedule; or

(iv) in whole, following receipt by the Trustee of written notice from the Servicer (i) stating that an Event of Default has occurred under the Loan Agreement or the Construction Loan and Permanent Loan Agreement (unless, in either case, Servicer, in its sole and absolute discretion, has accepted in writing a cure of such Event of Default), and (ii) demanding redemption of the Bonds, on any date selected by the Servicer, specified in a notice in writing delivered to the Borrower at least ten (10) days prior to such date.

(d) During the Permanent Mode, the Bonds shall be subject to optional redemption pursuant to the terms of and as set forth in the Construction Loan and Permanent Loan Agreement.

### Section 3.2. Redemption Price.

Any Bonds being redeemed in accordance with Section 3.1 of this Indenture shall be redeemed at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption, plus, during the Permanent Mode, the Prepayment Fee and Additional Interest, as applicable.

### Section 3.3. Partial Redemption of Bonds.

In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

If less than all of an Outstanding Bond of one maturity in a Book-Entry System is to be called for redemption, the Trustee shall give notice to the Securities Depository or the nominee of the Securities Depository that is the Holder of such Bond, and the selection of the Beneficial Owners of that Bond to be redeemed shall be at the sole discretion of the Securities Depository and its participants.

### Section 3.4. Notice of Redemption.



Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by sending a copy of an official redemption notice by Electronic Means or by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by Electronic Means or by first class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 60 days following the date fixed for redemption of that Bond.

All official notices of redemption shall be dated and shall state:

- (a) the redemption date,
- (b) the redemption price,
- (c) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Office of the Trustee, and
- (f) that the notice of redemption is conditioned upon there being deposited with the Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium.

Notices of redemption shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

If the Bonds are not then held in a Book-Entry System, in addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

- (a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of

interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information deemed necessary in the sole discretion of the Trustee to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least 15 days before the Redemption Date by Electronic Means, registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to give or receive notice via Electronic Means or by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of such Bond.

Notice of any redemption hereunder with respect to Bonds held under a Book-Entry System shall be given by the Trustee only to the Securities Depository, or its nominee, as the Holder of such Bonds. Selection of Beneficial Owners of the Bonds called for redemption is the responsibility of the Securities Depository and any failure of such Securities Depository to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds.

### Section 3.5. Payment of Redeemed Bonds.

Notice having been mailed in the manner provided in Section 3.3 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the Redemption Date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the Redemption Date, is held by the Trustee on the Redemption Date, so as to be available therefor on that date and if notice of redemption has been deposited in the mail as aforesaid, then from and after the Redemption Date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If such money shall not be so available on the Redemption Date, or that notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Section 3.6. Mandatory Tender.

(a) All Outstanding Bonds shall be subject to mandatory tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(c) Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.6 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(d) The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority; (i) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (ii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase, (iii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest; if any, on Bonds tendered for purchase, (iv) amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase and (v) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

(e) Bonds shall be deemed to have been tendered for purposes of this Section 3.6 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

(f) With respect to any mandatory tender on the Conversion Date, at the written direction of the Borrower, the Trustee shall sell or redeem Eligible Investments on deposit in the Project Fund and Collateral Fund and use the proceeds thereof to purchase the Bonds at the mandatory redemption price along with any deposit of Eligible Funds from the Borrower as described in (g) below.

(g) In connection with any mandatory tender on the Conversion Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price

below par only if the Trustee receives a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

Section 3.7. Mandatory Tender Notice.

(a) Not less than 5 days preceding the Conversion Date, and 30 days preceding any other Mandatory Tender Date, the Trustee shall give written notice of mandatory tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Member, and the Remarketing Agent) by Electronic Means or first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date; and

(iv) any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30<sup>th</sup> day following a Mandatory Tender Date, the Trustee shall send via Electronic Means or mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Bond.

(c) Neither failure to give or receive any notice described in this Section 3.7, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.7.

Section 3.8. Remarketing of Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35<sup>th</sup> day prior to each Mandatory Tender Date, the Trustee shall give notice to the Borrower, Investor Member and the Remarketing Agent by telephone, confirmed on the same day in writing, or Electronic Means which states the aggregate principal amount of Bonds which are to be tendered or deemed to be tendered pursuant to Section 3.6 hereof.

(b) Preliminary Conditions to Remarketing. No later 11:00 a.m. Local Time on the 15<sup>th</sup> day prior to the Mandatory Tender Date then in effect, the Borrower may give notice to the Remarketing Notice Parties by telephone, confirmed on the same day in writing, or Electronic Means that it elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) Notice by the Borrower to the Remarketing Agent and the Trustee of the Remarketing Period pursuant to Section 4.5 of the Loan Agreement;

(ii) Delivery to the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(iii) The Issuer and the Borrower shall each have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Bonds.

(c) Remarketing. Not less than ten (10) days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. Not less than four (4) Business Days before each Remarketing Date, the Remarketing Agent shall give notice, by telephone, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket any Bond tendered pursuant to Section 3.8 hereof; provided, however, that no such Bond shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest (if any) without the prior written consent of the Borrower and Investor Member; and provided, further, that the purchase price of any Bond paid to the tendering Holder allocable to such discount shall be paid with Eligible Funds made available by the Borrower therefor and on deposit with the Trustee prior to the remarketing of such Bonds. The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.6 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing.

(i) If, not less than four (4) Business Days preceding the Remarketing Date:

(1) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account; and

(2) the Trustee shall have received a confirmation of the rating for Bonds to be remarketed from the Rating Agency; and

(ii) If, not less than two (2) Business Days preceding the Remarketing Date:

(1) there shall be on deposit with the Trustee provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit (A) to the Negative Arbitrage Account of the Bond Fund with respect to the payment of interest and principal during the new Remarketing Period and (B) to the Costs of Issuance Fund with respect to the payment of administrative expenses during the new Remarketing Period; and

(2) there shall either (A) be on deposit with the Trustee provided by the Borrower and in the Costs of Issuance Fund an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower for deposit in the Costs of Issuance Fund, or (B) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent;

then the Trustee shall immediately give notice, by telephone, which notice shall be immediately confirmed in writing, or Electronic Means to the Remarketing Agent and the Borrower that (a) all conditions precedent to the remarketing of the Outstanding Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Trustee shall apply the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds.

(e) If, not less than four (4) Business Days or two (2) Business Days, as applicable, preceding a Remarketing Date, any condition set forth in paragraph (d) of this Section 3.8 has not been satisfied, then, unless the Outstanding Bonds are otherwise purchased on the Remarketing Date, the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date.

(f) No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. The proceeds from the remarketing of the Bonds shall be segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by

the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice or electronic mail, shall notify the Trustee of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to Section 3.8 hereof and the purchase price, and, unless the Bonds are then in the Book-Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to Section 3.8 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.9. Conversion Notice; Commencement of Permanent Mode.

(a) Unless otherwise agreed in writing by the Permanent Lender, the Conversion Date shall be the date selected by the Permanent Lender, the Borrower and the Issuer as specified in a Conversion notice, substantially in the form attached hereto as Exhibit D (the "Conversion Notice"), provided however, that the Conversion Notice shall be submitted to the Trustee no later than thirty (30) days prior to the Conversion Date. Upon the satisfaction of the conditions set forth in this Section 3.9 and the Conversion Notice, the Permanent Mode will commence on the Conversion Date.

(b) At such time as the Conditions to Conversion have been satisfied (or, if not satisfied, such Conditions to Conversion are waived by the Permanent Lender), the Permanent Lender shall deliver to the Borrower, the Issuer and the Trustee the Conversion Notice.

(c) On the Conversion Date, the Trustee shall:

(a) Disburse amounts on deposit in the Collateral Fund pursuant to Section 4.13(d);

(b) Upon deposit by the Permanent Lender of the Permanent Loan Amount (as defined in the Conversion Notice) into the Construction Loan Repayment Fund, register the Bonds to the Permanent Lender in the form attached hereto as Exhibit A-2 and in the amounts set forth in the Conversion Notice, and deliver such Bonds to or at the direction of the Permanent Lender;

(c) Disburse amounts on deposit in the Construction Loan Repayment Fund pursuant to Section 4.12; and

(d) Redeem the amount of Bonds set forth in the Conversion Notice from the amounts on deposit in the Collateral Fund, such that the remaining

outstanding principal amount of the Bonds equals the Permanent Loan Amount set forth in the Conversion Notice.

(d) If Conversion has not occurred by the Initial Mandatory Tender Date, then the 2023 Series E Bonds shall be subject to mandatory tender pursuant to Section 3.6.

## ARTICLE IV

### REVENUES AND FUNDS

Section 4.1. Creation of Funds and Accounts. The following trust funds and accounts are hereby created by the Issuer and ordered established with the Trustee to be used for the purposes as hereinafter provided in this Indenture:

- (a) the Bond Fund, consisting of:
  - (i) the Negative Arbitrage Account;
  - (ii) the Remarketing Proceeds Account; and
  - (iii) (iii) the Revenue Account.
- (b) the Expense Fund;
- (c) the Project Fund, consisting of:
  - (i) the Bond Loan Account; and
  - (ii) the Equity Account
- (d) the Costs of Issuance Fund;
- (e) the Rebate Fund;
- (f) the Construction Loan Repayment Fund; and
- (g) the Collateral Fund.

The Trustee may create one or more accounts or subaccounts within any fund authorized by this Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of this Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

Section 4.2. Deposits into the Bond Fund; Use of Moneys in Bond Fund. On the Closing Date, the Trustee shall deposit the Initial Deposit into the Negative Arbitrage Account of the Bond Fund, to be invested pursuant to Section 6.1 hereof. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.8 hereof shall also be deposited in the Negative Arbitrage Account of the Bond Fund.



The Trustee shall deposit in the Bond Fund all amounts paid by the Borrower pursuant to Section 4.2 of the Loan Agreement.

Prior to the Conversion Date, Bond Service Charges, when due and payable, shall be paid (a) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (b) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (d) thereafter, from money on deposit in Bond Loan Account of the Project Fund and transferred as necessary to the Bond Fund.

Following the Conversion Date, all moneys transferred to the Bond Fund shall be transferred to the Revenue Account, and shall be applied to the following items in the following order of priority:

(a) on each Interest Payment Date, to the payment of regularly scheduled interest on the Bonds;

(b) on each Bond Payment Date, to the payment of the principal of or redemption price of, accrued interest on, and any Prepayment Fee or Additional Interest due with respect to, the Bonds;

(c) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the payment of any other amounts then due and owing under the Loan Documents; and

(d) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the Borrower or such other party as may be legally entitled thereto as directed in writing by the Borrower, upon which the Trustee may conclusively rely.

In the event the amount of the monthly payment received by the Trustee from the Borrower is insufficient to fund in full the deposits required in the foregoing clauses (a) through (d), the Trustee shall provide the Servicer, the Borrower and the Issuer with prompt Notice of such deficiency and then, if directed in writing by the Servicer, the Trustee shall transfer moneys on deposit in such funds and accounts between such funds and accounts as directed by the Servicer so as to allow for payment of such items as are directed by the Servicer, provided, however, in all events the first priority of payments shall be payment of the Issuer Annual Fee, the Trustee's Ongoing Fee and the fees due and payable to the Rebate Analyst and any Rebate Amount due and owing to the United States. References to unpaid expenses payable to the Trustee or the Issuer shall include any amounts payable to such parties pursuant to any indemnification hereunder or under any of the Documents.

Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to Section 4.7 hereof, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 4.7 hereof) shall be paid to the Borrower.

Section 4.3. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee (a)

to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, and (b) to make such funds so withdrawn available to the Trustee, as paying agent, for the purpose of paying such principal and interest, which authorization and direction the Trustee accepts.

Section 4.4. Non-Presentation of Bonds. Subject to the provisions of Section 10.21 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on its part under this Indenture or on, or with respect to, such Bond. Any such Bonds shall cease to bear interest on the specified maturity and such Bonds or portions thereof shall no longer be protected by or subject to the benefit or security of this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 4.5. Payment to Borrower of Excess Moneys in Bond Fund. Any amounts remaining in the Bond Fund, including the Negative Arbitrage Account, Remarketing Proceeds Account and the Revenue Account therein, (except for amounts then held by the Trustee for payment of principal, or interest on any of the Bonds) after payment in full of the principal of and interest, on the Bonds and other costs associated with the discharge of the Bonds (or provision for payment thereof having been made as provided in Section 8.1 hereof) and payment in full, or provision for payment, of the final Rebate Amount and payment in full of any outstanding fees and expenses of the Paying Agent, Issuer and Trustee and any other fees and expenses due under the Documents, shall, upon written instruction to the Trustee from the Borrower, be deemed to be overpayments by the Borrower under the Loan Agreement and shall be paid to the Borrower upon the expiration or sooner termination of the term of the Loan Agreement.

Section 4.6. Expense Fund. The Expense Fund will be funded by the Borrower in accordance with the terms of the Loan Agreement. The Trustee shall apply moneys on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

(a) to the Trustee to pay all amounts required to reimburse the Trustee for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under this Indenture, to the extent not included in the Trustee's Ongoing Fee; and

(b) to the Issuer to pay all amounts required to reimburse the Issuer for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Issuer, to the extent not included in the Issuer's Fee

To the extent moneys in the Expense Fund are not sufficient to pay the fees and expenses of the Issuer and the Trustee, such deficiency shall be paid by the Borrower immediately upon written demand.

Section 4.7. Rebate Fund; Rebate Amount.

(a) The Rebate Fund will be funded by the Borrower in accordance with the terms of the Tax Certificate and the Loan Agreement. The Trustee shall maintain the Rebate Fund, for the benefit of all persons who are or have at any time been Holders of the Bonds, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section which fund shall not be part of the trust estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under the Indenture and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Bonds under the Code. The Trustee shall hold, invest and apply amounts on deposit in the Rebate Fund in accordance with the terms of the Tax Certificate and the Loan Agreement or otherwise at the written direction from the Rebate Analyst or pursuant to an Opinion of Bond Counsel.

(b) The Trustee shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower in writing to be transferred thereto. The Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(i) Within 30 days after each Computation Date, the Trustee, on behalf of the Issuer, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by Section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (iii) below.

(ii) Within five days after receipt from the Borrower or the Rebate Analyst of written notification of any amount due to the United States of America pursuant to Section 1.148-3(h) of the Regulations accompanied by relevant IRS forms including IRS Form 8038-T, the Trustee shall withdraw from the Rebate Fund an amount which when added to all prior payments to the United States of America equals the correct appropriate portion of the Rebate Amount, plus any penalties and interest and pay such correction amount to the United States of America.

(iii) All payments to the United States of America pursuant to this Subsection shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by draft posted by certified United States Mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by the relevant Internal Revenue Service Form, such as Form 8038-T or such other statements, explanations or forms required pursuant to the Regulations or other Internal Revenue Service promulgations).

(c) The Trustee shall preserve all statements, forms, and explanations received from the Borrower or the Issuer pursuant to this Section and all records of transactions in the Rebate Fund until three (3) years after the discharge of the Bonds.

(d) The Trustee may conclusively rely on the information provided, instructions of and forms prepared by the Borrower or the Rebate Analyst with regard to any actions to be taken by it, including payments to be made, pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower to supply accurate or sufficient instructions or to compute correctly any payment due pursuant to this Section. The Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(e) If at any time during the term of this Indenture the Borrower, the Issuer or the Trustee desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide at the expense of the Borrower to the other Persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the owners of any Bond for federal income tax purposes and shall be in compliance with the laws of the State of California.

(f) Notwithstanding any provision of the Documents and unless otherwise specifically agreed to in a separate written agreement, the Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in “nonpurpose investments” having a higher yield than the yield on the Bonds, in connection with any such investments. The method of calculation and the actual calculation and determination required by Section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Issuer on behalf of the Borrower. The Trustee shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Issuer of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section and in this Indenture), it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture and (ii) to follow instructions contained in this Section and in this Indenture. The Trustee shall not be liable for the Bonds becoming “arbitrage bonds” within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Indenture.

(g) Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

Section 4.8. Costs of Issuance Fund.

On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit in the Costs of Issuance Fund to pay costs of issuance from amounts available therein upon the written direction of the Borrower as set forth in the closing memorandum prepared by the Underwriter, signed by the Borrower, which costs of issuance shall not exceed the amounts set forth in a certificate of the Issuer. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be transferred for deposit to the Equity Account of the Project Fund to the extent such funds are not Bond proceeds or otherwise restricted funds. If such remaining funds are Bond proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund. After such transfer the Costs of Issuance Fund shall be closed.

Section 4.9. (Reserved).

Section 4.10. (Reserved).

Section 4.11. (Reserved).

Section 4.12. Construction Loan Repayment Fund.

The Trustee shall establish and maintain a separate fund to be known as the “Construction Loan Repayment Fund.” On or before the Conversion Date, the Permanent Lender shall cause the Permanent Loan Amount as set forth in the Conversion Notice to be deposited in the Construction Loan Repayment Fund. On or before the Conversion Date, the Borrower shall cause the additional amounts, if any, set forth in the Conversion Notice to be deposited in the Construction Loan Repayment Fund. On the Conversion Date all funds in the Construction Loan Repayment Fund shall be applied by the Trustee towards the repayment of the Construction Loan at the written direction of the Construction Lender. After such repayment the Construction Loan Repayment Fund shall be closed.

Section 4.13. Collateral Fund.

The Trustee shall establish and maintain a separate fund to be known as the “Collateral Fund” as set forth below, provided however, that the Trustee will close the Collateral Fund following the Conversion Date:

(a) The Trustee shall deposit in the Collateral Fund all Eligible Funds received by the Trustee pursuant to Section 3.3 of the Loan Agreement for deposit into the Collateral Fund. Pursuant to Section 3.3 of the Loan Agreement, with respect to each Requisition made on the Project Fund, the Borrower shall cause to be delivered to the Trustee Eligible Funds for deposit into the Collateral Fund in an aggregate amount equal to the amount to be funded under such Requisition, which in any event shall be a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Qualified Project Costs.

(b) The Trustee shall hereby be required to invest all amounts on deposit in the Special Funds in Eligible Investments pursuant to the written direction of the Borrower. At no time shall

the Borrower direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code.

(c) Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

(d) The Trustee shall transfer money in the Collateral Fund as follows: (i) on the Conversion Date, to the Bond Fund in an amount necessary to cause the partial redemption of the Bonds in the amount specified in the Conversion Notice, such that the outstanding principal amount of the Bonds equals the Permanent Loan Amount set forth in the Conversion Notice, (ii) on a Mandatory Tender Date other than the Conversion Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any Redemption Date, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

(e) The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

## ARTICLE V

### CUSTODY AND APPLICATION OF PROJECT FUND

Section 5.1. Custody and Application of Bond Proceeds. The proceeds of the Bonds received, in the aggregate amount of \$[Bond Proceeds] (consisting of the principal amount of \$[Principal Amount] plus original issue premium in the amount of \$[OIP]), upon the issuance and sale of the Bonds shall be deposited into the Bond Loan Account of the Project Fund and invested by the Trustee as set forth in Section 6.1 hereof.

Section 5.2. (Reserved).

Section 5.3. (Reserved).

Section 5.4. Procedure for Making Disbursements from Project Fund. Upon the deposit of Eligible Funds into the Collateral Fund, if required and as provided in Section 4.13 hereof, the Trustee shall disburse Bond proceeds on deposit in Bond Loan Account of the Project Fund, in an amount equal to such deposit of Eligible Funds, solely to pay Qualified Project Costs and only upon the receipt by the Trustee of (1) a request or requests therefor, upon requisition forms approved by the Construction Lender in substantially the form attached hereto as **Exhibit E**, and in accordance with the Conversion Agreement, and (2) certification by a Borrower Representative that such costs are qualified costs pursuant to Section 142 of the Code. Each requisition shall evidence disbursements from (i) the Bond Loan Account of the Project Fund. The Trustee shall not disburse money from the Bond Loan Account of the Project Fund, other than to pay interest and principal on the Bonds, unless and until Eligible Funds in an amount equal to or greater than

the requested disbursement amount have been deposited into the Collateral Fund. To the extent money on deposit in the Bond Loan Account of the Project Fund is invested in Eligible Investments yet to mature at the time of any such requested and permitted disbursement hereunder, the Trustee is hereby authorized to exchange an amount of such Eligible Investments in the Bond Loan Account of the Project Fund for a like amount of Eligible Funds on deposit in the Collateral Fund and then disburse such amounts from the Bond Loan Account of the Project Fund to pay Qualified Project Costs without the need to sell or terminate such Eligible Investments prior to their stated maturity date. In accordance with Section 3.3 of the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest payments), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Bond Loan Account of the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds.

Money in the Bond Loan Account of the Project Fund shall be disbursed in accordance with the provisions of Section 3.3 of the Loan Agreement and this Section 5.4. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Bond Loan Account of the Project Fund to the Bond Fund sufficient money to make the necessary interest and principal payments, if any, on each Interest Payment Date without further written direction.

All disbursements from the Bond Loan Account of the Project Fund will be made by the Trustee directly to the Borrower by deposit into a designated account of Borrower located at the Construction Lender, as provided for in the Construction Loan and Permanent Loan Agreement, as and when provided for in the Conversion Agreement, and shall not be made more frequently than once per month, unless approved by the Construction Lender, in its sole discretion.

The Trustee and the Issuer shall not in any event be responsible or liable to any person (other than the Borrower, but only in the case of the Trustee and only in the event of a failure by the Trustee to make disbursements following request for disbursements in accordance with the Documents, when such failure is within the Trustee's control, and after notice of such failure and a 3-day opportunity to cure such failure) for the disbursement of, or failure to disburse, moneys from the Bond Loan Account of the Project Fund, or any part thereof, and no contractor, subcontractor or material or equipment supplier shall have any right or claim against the Trustee or the Issuer under this Indenture.

If for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds promptly following receipt of funds from the entity making such collateral deposit into the Collateral Fund, the Trustee shall promptly transfer such funds back to the Lender and not deposit the same into the Collateral Fund.

Section 5.5. Trustee May Rely on Requisitions and Certifications. In making any such disbursement from the Project Fund, the Trustee may rely on any Requisitions and confirmations delivered to it pursuant to Section 5.4, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such Requisitions and confirmations.

Section 5.6. Completion of Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the

Trustee of (a) the certificate of the Borrower Representative required by the provisions of Section 3.5 of the Loan Agreement and (b) a certificate signed by the Borrower Representative stating that all obligations and costs in connection with the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee for the payment of costs of the Project not then due and payable or then in dispute as provided in the Loan Agreement; provided, however, that no amounts necessary to pay principal and interest on the Bonds at maturity, shall be held by the Trustee in the Project Fund beyond such Maturity Date. Additionally, the Borrower has agreed pursuant to Section 3.6 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Qualified Project Costs, the Borrower will complete the Project and pay the portion of the Qualified Project Costs in excess of the moneys available therefore in the Project Fund.

Section 5.7. Disposition of Moneys in Bond Loan Account After Completion of Project.  
Subject to the proviso in Section 5.6 hereof, as soon as practicable after the date of the certificate referred to in clause (b) of Section 5.6 hereof, any balance remaining in the Bond Loan Account of the Project Fund (other than the amounts retained by the Trustee referred to in Section 5.6 hereof) shall be deposited into the Bond Fund and used to pay principal of the Bonds when due. To the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount and any remaining Trustee Fees, such moneys may be paid directly to the Borrower to the extent such funds are not proceeds of the Bonds or otherwise restricted funds. If such remaining funds are proceeds of the Bonds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund. After such payment or transfer the Bond Loan Account of the Project Fund shall be closed.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, the Loan Agreement or this Indenture.

Further, notwithstanding the foregoing or anything else herein to the contrary, prior to the Conversion Date, the sole recourse and remedy available to the Holders and the Issuer during the continuance of an Event of Default shall be to the amounts then on deposit in the Collateral Fund.

Section 5.8. Disposition of Moneys in Equity Account After Conversion.

On the Conversion Date, amounts remaining on deposit in the Equity Account of the Project Fund shall be transferred by the Trustee to or at the written direction of the Issuer (not to be unreasonably, withheld conditioned or delayed) to the Borrower for application to any unpaid developer fees due and owing with respect to the Project. After such payment or transfer the Equity Account of the Project Fund shall be closed.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, the Loan Agreement or this Indenture.



## ARTICLE VI

### INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.1. Investment Special Funds. Except as otherwise set forth in this Section and in the Tax Certificate, money in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Borrower Representative. At no time shall the Borrower direct that any funds constituting gross proceeds of the Bonds (including, without limitation, moneys deposited in or credited to the Collateral Fund and the Negative Arbitrage Account) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

To the extent that the Trustee has not received written directions from the Borrower Representative regarding any investment of moneys, the Trustee shall, until such written directions are received, invest such moneys in Federated US Treasury Cash Reserves (TISXX).

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date. Each investment of money in the Bond Loan Account of the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Bond Loan Account of the Project Fund. Any of those investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an Affiliate of the Trustee. The Trustee shall sell or redeem investments credited to the Special Funds to produce sufficient money applicable hereunder to, and at times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

An investment made from money credited to the Special Funds shall constitute part of that Special Fund. All investment earnings from amounts on deposit in the Bond Loan Account of the Project Fund and the Collateral Fund shall be allocated to the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Special Funds shall be credited to and become part of the Bond Fund. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. Any investment losses from moneys credited to a Special Fund shall be charged against that Special Fund. The Trustee shall not be liable for losses on investments made in compliance with the provisions of this Indenture. Following the Closing Date, at the written direction of the Borrower, the Trustee is permitted to purchase, sell, or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested, and (ii) Bond proceeds and the Initial Deposit shall be held uninvested until the Trustee has purchased, sold, or exchanged Eligible Investments. The Rebate Analyst shall consider any such sale or exchange in making the arbitrage and rebate calculations.

The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of all directed investments. Ratings of investments shall be determined by the Borrower at the time of purchase of such investments. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. Although the Issuer and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Borrower agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Section 6.2. Investment of Rebate Fund. Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction of the Borrower Representative and with the prior written approval of the Issuer, in Eligible Investments or in any money market or short term investment fund investing in or consisting solely of and secured by Eligible Investments, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower.

Section 6.3. Accounting for Termination of Investments; No Arbitrage. In the event the moneys in the Project Fund or the Bond Fund are invested in any investment agreement at any time or for any reason fails to satisfy the requirements of Section 6.1, the Trustee shall, at the written direction of the Borrower and the Issuer, terminate any such investment, and the proceeds of such termination, shall be credited to the Project Fund or the Bond Fund, respectively.

Subject to Section 6.1 hereof, all investment earnings on moneys or any investment held in any fund or account created hereunder shall be credited to the respective fund or account hereunder and used for the purposes thereof.

If the Issuer is of the opinion, upon receipt of advice of Bond Counsel, that it is necessary to restrict or limit the yield on the investment of any moneys, securities or other obligations paid to or held by the Trustee hereunder in order to comply with the provisions of the Documents intended to prevent any Bonds from being considered "arbitrage bonds" within the meaning of Section 148 of the Code, an Authorized Officer of the Issuer may give written notice to the Trustee and the Borrower to such effect (together with appropriate written instructions), in which event the Trustee will take such action as is set forth in such written instructions to restrict or limit the yield on such investment so as to comply with Section 148 of the Code.

Section 6.4. Trustee's Own Bond or Investment Department. The Trustee may make any and all investments permitted under Section 6.1 through its own bond or investment department or that of any affiliate.

Section 6.5. Moneys to be Held in Trust. Subject to Section 4.7, all moneys required to be deposited with or paid to the Trustee for account of the Special Funds under any provision of this Indenture shall be held by the Trustee in trust, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Indenture.

The Trustee, acting in its capacity as Trustee and not as sponsor, advisor or manager in connection with any investments hereunder, shall not be liable for any loss arising from investments made in accordance with this Section, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section.

## ARTICLE VII

### GENERAL COVENANTS

#### Section 7.1. Representations of the Issuer.

The Issuer hereby represents and warrants as follows:

(a) The Issuer is a joint exercise of powers agency duly organized, validly existing and in good standing under the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Indenture, the Loan Agreement and the Regulatory Agreement, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) This Indenture, Loan Agreement and Regulatory Agreement have been validly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

#### Section 7.2. Tax-Exempt Status of the Bonds.

It is the intention of the parties hereto that interest on the Bonds shall be and remain excluded from gross income for federal income tax purposes and to that end the Issuer agrees to comply with all the requirements set forth in the Tax Certificate. In the event of a conflict between the terms of this Indenture and the Tax Certificate, the terms of the Tax Certificate shall control.

#### Section 7.3. Role of Issuer.

The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of Trustee in collecting any amounts payable pursuant to the Loan Agreement, this Indenture, the Regulatory Agreement, the Partnership Agreement or the Tax Certificate, or in making any payments on the Bonds. Further, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its incorporators, directors, officers, members and counsel.

Section 7.4. Enforcement.

The Issuer agrees that the Trustee in its name may enforce against the Borrower or any Person any rights of the Issuer under the Financing Documents (other than the Reserved Rights) whether or not the Issuer is in default under this Indenture or under the Loan Agreement, but the Trustee shall not be deemed to have assumed any of the obligations of the Issuer under the Financing Documents.

Section 7.5. Request and Indemnification.

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

ARTICLE VIII

DISCHARGE

Section 8.1. Release of Indenture.

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Regulatory Agreement, the Partnership Agreement and the Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 8.3 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.2 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 8.3 hereof if applicable,

(a) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 8.3 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.2 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.14 hereof, or (ii) to be held by the Trustee under Section 4.13 hereof or otherwise for the payment of Bond Service Charges.

Section 8.2. Payment and Discharge of Bonds.

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 8.1 hereof, if:

(a) the Trustee shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.14 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.2, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this Section 8.2.

### Section 8.3. Survival of Certain Provisions.

Notwithstanding the foregoing, any provisions of this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 4.9 hereof, and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee and the Issuer their respective fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture, but shall terminate effective automatically upon payment in full by the Borrower of all fees and expenses owed by the Borrower to the Trustee and the Issuer.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.1. Events of Default and Acceleration. If any of the following events occur, it is hereby defined as and declared to be and constitute an “Event of Default”:

- (i) During the Cash Collateralized Mode, payment of any interest on any Bond shall not be made when and as that interest shall become due and payable; or
- (ii) During the Permanent Mode, the failure to pay any installment of principal and interest as provided in the Construction Loan and Permanent Loan Agreement; or
- (iii) the principal of any Bond is not paid or the redemption price of any Bond on the date on which the same becomes due, whether at the stated maturity thereof, by call for redemption, acceleration or otherwise; or
- (iv) an Event of Default occurs under the Loan Agreement; or
- (v) the Issuer fails to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 90 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding while the Bonds are in the Cash Collateralization Mode and at least 100% in aggregate principal amount of Bonds then Outstanding while the Bonds are in the Permanent Mode; and

If any Loan payment required under the Loan Agreement to avoid a default under (i), (ii) or (iii) of this Section shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such (i) (ii), or (iii), the Trustee shall use commercially reasonable efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by Electronic Means or other written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Bonds. A default or an Event of Default specified in (i) through (v) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

Upon the occurrence of an Event of Default specified in (i) through (iii) hereunder, the Trustee shall, upon the written consent of the Holders of the majority in aggregate principal amount of the Bonds then Outstanding, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds, and the interest thereon, to be due and payable immediately. Upon such declaration, the principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any

unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

If an Event of Default specified in (iv) or (v) of this Section shall occur and be continuing, the Trustee shall, upon written request of the Holders of 100% in principal amount of the Bonds then Outstanding, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds, and the interest thereon, to be due and payable immediately. Upon such declaration, the principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The Investor Member shall be entitled to cure any Event of Default hereunder within the time frame provided to the Borrower. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

The foregoing provisions of this Section or any other provision of this Indenture or any Issuer Document notwithstanding, any Event of Default under Section 9.1 above (each a “Borrower Related Default”) shall not be deemed an Event of Default of the Issuer, and the Issuer shall not be considered to be in default of any of its obligations hereunder with respect thereto under any circumstances, as the Issuer is merely acting in a conduit capacity hereunder and the Bonds are secured by and payable solely from amounts received from the Borrower or the Project and the Trust Estate, and is not a debt or indebtedness of the Issuer. Any remedial action hereunder with respect to a Borrower Related Default is limited to action against the Trust Estate.

Section 9.2. Trustee to Enforce Rights of Issuer. Only in accordance with the provisions of this Indenture, the Trustee, as the assignee of all the right, title and interest of the Issuer in and to each of the documents constituting a part of the Trust Estate (except the Reserved Rights of the Issuer), may enforce the rights granted to the Issuer pursuant to such documents. In the enforcement of any rights or remedies under such documents, no provision of such documents shall require, and none shall be construed to require, that the Trustee post a bond or establish any surety of any kind as a condition precedent to exercising any such rights or remedies.

Section 9.3. Remedies in Addition to Acceleration. Upon the happening of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Majority Owner and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.1):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

The Issuer may pursue all available remedies at law or in equity with respect to the Reserved Rights of the Issuer, so long as the Issuer does not take action to declare the outstanding balance of the Bonds or the outstanding balance owed under the Issuer Documents to be due on account thereof.

Section 9.4. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.5. Right of Bondholders to Direct Proceedings. Prior to Conversion, no Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee and the Issuer security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing this Indenture contained shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest, on each of the Bonds issued hereunder to the respective Holders of the Bonds at the time, place, from the source and in the manner herein and in such Bonds expressed.

Section 9.6. Right of Servicer to Direct Proceedings. On or following the Conversion Date, if an Event of Default under this Indenture shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer, after notice to the Issuer, shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the



enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture, provided that such direction is in accordance with law and the provisions of this Indenture; provided further that nothing in this Section 9.6 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and in the best interests of the Holders and which is not inconsistent with such direction by the Servicer. Notwithstanding the foregoing, the Servicer shall not bring any proceeding to enforce this Indenture or its remedies under this Indenture, to which it names the Issuer as a party, in any jurisdiction outside the State of California without the Issuer's prior written consent.

Section 9.7. Remedies Vested in Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of this Indenture.

Section 9.8. Remedies Non-Exclusive and Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.9. Delays or Omissions by Trustee. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee and the Issuer with respect thereto, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

*First* - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts

due on such installment, to the persons entitled thereto, without any discrimination or privilege;

*Second* - To the payment to the persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

*Third* - To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege;

*Fourth* - To the payment of amounts owed to the Issuer for its Issuer Annual Fees; and

*Fifth* - The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest and premium then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "*Third*" and "*Fourth*" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.11. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

## ARTICLE X

### THE TRUSTEE AND REMARKETING AGENT

Section 10.1. Acceptance of Trusts. The Trustee hereby accepts the trusts hereby created and agrees to perform and execute such trusts as an ordinary prudent trustee under a corporate indenture, but only upon the additional terms set forth in this Article, to all of which the Issuer agrees and the respective Holders of the Bonds agree upon and by their acceptance of delivery of any of the Bonds.

Section 10.2. Trustee Not Responsible for Recitals, Statements and Representations. Except as otherwise expressly provided herein, any representations or warranties by the Issuer in this Indenture or in the Bonds contained shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

Except for information, if any, provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any Official Statement or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 10.3. Action by Trustee Through and Reliance Upon Others. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the written advice or opinion of such counsel shall be full and complete authorization and protection for any action taken or omitted by it in good faith and in accordance with such advice or opinion. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof, such compensation to be paid as described under Section 10.4 hereof. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for gross negligence or willful misconduct with respect to its responsibilities hereunder.

Except for fraud and willful misconduct, no personal recourse may be taken, directly or indirectly, against any officer, director, employee or agent of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith. The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, agents and employees.

The Trustee's immunities and protections from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Indenture shall survive the Trustee's resignation or removal and the final payment of the Bonds.

Section 10.4. Fees and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement of such fees as the Trustee, the Issuer and the Borrower shall agree upon, or in the absence of such agreement, to payment and/or reimbursement of reasonable fees, for its services rendered hereunder, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Any amounts payable to the Trustee pursuant to this Section 10.4 shall be payable upon demand and shall bear interest from the date of demand therefor at the Interest Rate for Advances.

Section 10.5. Trustee's Obligations to Take or Have Notice of Default. The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Indenture other than a default under Section 9.1(i) or Section 9.1(ii) hereof, unless specifically notified in writing of such default by the Issuer or by the Holders of not less than 25% in principal amount of the Bonds then Outstanding. The Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Section 10.6. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine those certificates and opinions to determine whether they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that

(i) This paragraph does not limit the effect of paragraph (b) of this Section,

(ii) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(iii) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with this Indenture, and

(iv) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Trustee shall not require indemnity as a condition to making any payments on the Bonds, or declaring the principal of and interest on the Bonds to be due immediately hereunder.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Indenture and final payment of the Bonds.

(f) Except as otherwise provided in this Article, the Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by the Holders of not less than 51% in principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and satisfactory indemnity. The foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without such security or indemnity.

(g) Upon written request by the Rating Agency, the Trustee shall furnish to the Rating Agency the balance of funds on hand with the Trustee and other information as may be reasonably required to maintain the rating on the Bonds.

(h) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a) through (g) of this Section.

Section 10.7. Trustee May Make Advances to Effect Performance. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal of and interest on the Bonds, the Trustee may, in its absolute discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do; and any and all moneys paid or advanced by the Trustee for any such purposes, together with interest thereon at the Interest Rate for Advances, shall be a claim in favor of the Trustee upon the Trust Estate prior to the claim of the Bonds; but no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.8. Trustee May Rely Upon Instruments. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any indenture, notice, Electronic Means, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Documents, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting or proceeding in good faith in reliance thereon. The Trustee shall not be bound to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

Section 10.9. Trustee May Own and Deal in Bonds and Deal With Issuer and Borrower. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower or any related entity, and may act as depository, trustee, or agent for any committee or body of Holders of the Bonds secured hereby or other obligations of the Issuer as freely as if it were not Trustee hereunder.

Section 10.10. Financial Liability of the Trustee. No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur or risk any financial liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Except as may otherwise be provided in this Indenture, the Trustee will have the right to demand, in respect to the authentication of any Bonds or the release of any property, any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof or of the Loan Agreement required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer or the Borrower to the authentication of any Bonds, or the release of any property.

Section 10.11. Trustee May Construe Ambiguous or Inconsistent Provisions. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholders.

Section 10.12. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days written notice to the Issuer specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Section 10.13. Removal of Trustee. The Trustee shall be removed by the Issuer if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Issuer. The Issuer may also remove the Trustee at any time, except during the existence of any event of default as defined in Section 9.1 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by filing with the Trustee an instrument signed by an Authorized Officer of the Issuer. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Bondholder who shall have filed his name and address with the Issuer.

Section 10.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provision of this Section within 45 days after the Trustee shall have given to the Issuer written notice, as provided in Section 10.12 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee, the Borrower or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee.

Any Trustee appointed under the provision of this Section 10.14 in succession to the Trustee shall be a bank or trust company or national banking association with trust powers, having a combined capital, surplus and undivided profits of at least \$50,000,000 if there be such a bank or trust company or national bank association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 10.15. Appointment of Successor Trustee by Court. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee may forthwith apply, at the expense of the Borrower, to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Trustee.

Section 10.16. Acceptance of Trust by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Rating Agency an instrument accepting such appointment hereunder, and thereupon such successor Trustee,

without further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trust, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.17. Merger or Consolidation of Trustee With Another Corporation. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.18. Action of Trustee During Existence of an Event of Default. Notwithstanding any other provisions of this Article, the Trustee shall, during the existence of an Event of Default known to the Trustee, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances.

Section 10.19. Notice of an Event of Default. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default the Trustee has actual notice of, the Trustee shall within 30 days give written notice thereof to the Issuer, to the Rating Agency, and to each Bondholder at its last address appearing upon the registration books of the Issuer kept by the Trustee unless such Event of Default shall have been cured before the giving of such notice.

Section 10.20. Trustee May Intervene. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of the Holders of the Bonds and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Bonds then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.21. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any Bonds which remain unclaimed for a period up to six months, prior to the date when such moneys would escheat under applicable law and after the date when such Bonds have become due and payable either at their stated maturity dates, if such moneys were held by the Trustee at such date, or for a period up to six months prior to the date when such moneys would escheat under applicable law if deposited with the Trustee after such date when all Bonds became due and payable, shall be paid by the Trustee to the Issuer as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged. Thereafter, any person having a claim against any such moneys shall look solely to the Issuer for payment of the same.



Section 10.22. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State of California) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Approval in writing from the Issuer shall be required prior to the appointment of the separate or co-trustee by the Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law and so approved by the Issuer, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate or co-trustee.

Section 10.23. The Remarketing Agent.

The Remarketing Agent identified in Section 1.1 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times; and
- (b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any

such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

#### Section 10.24. Qualification of Remarketing Agent.

The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, Investor Member and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds.

Section 10.25. Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (c) any change in the identity of the Trustee, (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Loan or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual notice, (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date, (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (h) any change in the investment of funds subject to the lien of this Indenture prior to maturity at a price below par, (i) any defeasance or acceleration of the Bonds hereunder, or (j) any change in the Remarketing Agent or Lender of which its Trustee has actual notice.

Section 10.26. Financing Statements. Pursuant to Section 5.6 of the Loan Agreement, the Borrower shall perfect, or shall cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with the State of California Uniform Commercial Code—Secured Transactions, in the Office of the Recorder of Deeds in the State of

California. Notwithstanding the foregoing, the Trustee shall file all necessary continuation statements with respect to any such original financing statements of which a legible copy showing the date and place of filing, is delivered to the Trustee, at the expense of the Borrower within the time prescribed by the State of California Uniform Commercial Code—Secured Transactions. The Borrower shall be responsible for the costs incurred by the Trustee in the preparation and filing of all such continuation statements thereunder. The Issuer shall have no responsibility for the filing, perfection or continuation of any security interest created hereunder or under the Loan Agreement.

## ARTICLE XI

### MODIFICATION OF INDENTURE AND OTHER DOCUMENTS

Section 11.1. Limitation on Amendments to this Indenture. This Indenture shall not be modified or amended in any respect except as provided in accordance with and subject to the provisions of this Article.

Section 11.2. Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders.

(a) The Issuer and the Trustee may, from time to time prior to the Conversion Date, without the consent of Bondholders, enter into agreements supplemental to this Indenture and the Loan Agreement as follows:

- (i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;
- (ii) to cure any formal defect, omission or ambiguity in this Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;
- (iii) (iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as heretofore in effect;
- (iv) (iv) to add to the covenants and agreements of the Issuer in this Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;
- (v) to add to the limitations and restrictions in this Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;
- (vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Indenture, of the Revenues or of any other moneys, securities or funds; or

- (vii) to modify, amend or supplement this Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

(b) Before the Issuer shall enter into any agreement supplemental to this Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Bond Counsel (at the sole expense of the Borrower if such amendment is requested by the Borrower or is necessary to maintain the tax-exempt status of the Bonds) stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms. The opinion of Bond Counsel filed with the Trustee shall also state that the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Trustee and the Issuer shall be entitled to rely upon any such opinion of Bond Counsel.

(c) The Trustee shall send written notice to the Borrower and the Rating Agency of any amendment to this Indenture or the Loan Agreement.

Notwithstanding the foregoing, on or after the Conversion Date there shall be no amendments of any kind to this Indenture without the written consent of the Majority Owner. Further, prior to the Conversion Date, no amendment shall be made to this Indenture or to the Loan Agreement with respect to the process for funding and approving a Requisition made on the Bonds without the prior written consent of the Construction Lender (and such amendment made without such consent of the Construction Lender, shall not be effective).

### Section 11.3. Amendments to Indenture Requiring Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and not otherwise, prior to the Conversion Date, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding, and following the Conversion Date, the Servicer at the written direction the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding, shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to this Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by, prior to the Conversion Date, the Holders of all of the Bonds then Outstanding, and following the Conversion Date, the Servicer at the written direction of the Holders of all the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in this Indenture, including (without limitation) that required for consent to such supplemental indentures. This Section shall

not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Indenture without the consent of the Bondholders pursuant to Section 11.2 hereof.

(b) If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to the Servicer (if any) and all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office for inspection by all Bondholders.

(c) Within 120 days after the date of giving such notice (or such lesser time as the parties may agree), the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required hereunder) and (ii) an opinion of counsel stating that (1) such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not affect the exemption from federal income taxes of the interest on the Bonds.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the supplemental indenture as herein provided, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

(e) Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this Section, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

(f) The Trustee shall send written notice to the Rating Agency of any amendment to this Indenture.

Section 11.4. Supplemental Indentures Part of Indenture. Any supplemental indenture entered into in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of this Indenture for any and all such purposes.

Section 11.5. Required Consent. Notwithstanding anything herein to the contrary, the Trustee shall not be required to enter into or consent to any supplemental indenture or any amendment of any other Document that would materially adversely affect the rights, obligations,

powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel (at the sole expense of the Borrower), to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 11.6. Amendments to Documents Requiring Consent of Bondholders. Except as provided in Section 11.2 of this Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Bonds at the time Outstanding given and procured as provided in Section 11.3 hereof; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.3 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trust Office for inspection by all Bondholders.

## ARTICLE XII

### MISCELLANEOUS

Section 12.1. Issuer's Successors. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

Section 12.2. Indenture for Benefit of Issuer, Trustee and Bondholders. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, other than the Issuer, the Trustee and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer and the Trustee and the Holders of the Bonds; provided that this Indenture shall also be for the benefit of the Borrower and the Issuer, and the Borrower and the Issuer shall be deemed to be third-party beneficiaries of and in connection with those matters in which the terms of this Indenture fairly construed are indicative that they are for the benefit of the Borrower.

Section 12.3. Severability. In case any one or more of the provisions of this Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds, and this Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein.

Section 12.4. Officers of Issuer Not Liable; No Recourse on Bonds. No obligation, covenant, condition or agreement contained herein or in the Bonds shall be deemed to be an obligation, covenant, condition or agreement of any past, present or future officer, member, director, trustee, fiscal agent, counsel, financial advisor, attorney, official, employee or agent of the Issuer in their individual capacity, and no recourse shall be had for the payment of the principal of, or premium, if any, or interest on, and any sum that may be due and unpaid by the Issuer on the Bonds or for any claim based thereon or upon any obligation, covenant, provision, condition or agreement contained in this Indenture or in the Bonds against any past, present or future officer, member, director, trustee, fiscal agent, counsel, financial advisor, attorney, official, employee or agent of the Issuer, or any counsel attorney, financial advisor, member, director, trustee, officer, official, employee or agent of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, director, trustee, attorney, financial advisor, fiscal agent, counsel, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the delivery of the Bonds. Neither the officers, members, directors, financial advisors, attorneys, trustees, fiscal agents, counsel, officials, employees or agents of the Issuer nor any person executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

All obligations of the Issuer hereunder and under the other Issuer Documents are special, limited obligations payable solely from funds made available to the Issuer under the Loan Agreement or the other Issuer Documents, and, except to matters arising from Issuer's gross negligence or willful misconduct, no recourse shall be had to the Issuer or to any officer, member, director, trustee, fiscal agent, counsel, financial advisor, attorney, official, employee or agent (other than the Borrower) in satisfaction of any amounts due or liabilities incurred pursuant to the Issuer's issuance of the Bonds and related actions, inactions or transactions, except from such funds.

Section 12.5. Governing Law. The laws of the State of California shall govern the construction of this Indenture and of all Bonds issued hereunder.

Section 12.6. Notices; Publication of Notice.

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by Electronic Means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Trustee (such as, for example, notices to owners of Bonds) shall be governed by the other applicable provisions of this Indenture.

(b) Whenever the Issuer or the Trustee is required or permitted to give or publish notice of any event or occurrence under this Indenture, such notice shall be given or published in such manner and by such means as the Issuer or the Trustee, as the case may be, shall determine to be

appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Issuer or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more “nationally recognized municipal securities information repositories” (as such terms is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person’s address as shown on the records of the Issuer or the Trustee.

Section 12.7. Trustee as Paying Agent and Bond Registrar. The Trustee is hereby designated and agrees to act as paying agent and Bond registrar for and in respect to the Bonds.

Section 12.8. Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

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

(b) The ownership of Bonds shall be conclusively proved by the registration books kept under the provisions of Section 2.8 of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Trustee pursuant to such request or consent.

Section 12.9. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Section 12.10. U.S.A. Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person’s formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and



authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

Section 12.11. Electronic Signatures. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Indenture using an electronic signature, it is signing, adopting, and accepting this Indenture and that signing this Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Indenture in a usable format. Except as set forth herein, the transactions described in this Indenture may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.12. Reference Date. This Indenture is dated for reference purposes only as of June 1, 2023. This Indenture will not be effective and binding on the parties hereto unless and until the Closing Date occurs.

Section 12.13. Volume Cap Recycling Transactions. Notwithstanding any provisions of this Indenture or the Bonds to the contrary, the Issuer shall be permitted to hold or direct payments of the Note prepayments and repayments to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

Section 12.14. Bondholder Representative.

(a) The Permanent Lender is the initial Bondholder Representative with respect to the Bonds. The Bondholder Representative shall be entitled to all the rights and privileges of the Majority Owner hereunder and under the other Documents.

(b) The Bondholder Representative may provide written notice to the Trustee designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative, and such notice may be amended or rescinded by the Bondholder Representative at any time by subsequent written notice. The Bondholder Representative may be removed and a successor appointed by a written notice in the form of **Exhibit F** hereto given by the Majority Owner to the Trustee, the Issuer, the Servicer and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. The Majority Owner may appoint any Person to act as Bondholder Representative, including, without limitation, the Servicer. If, for any reason, a Bondholder Representative resigns by written notice provided to the Trustee, the Majority Owner, the Issuer, the Servicer and the Borrower, all references to Bondholder Representative herein and in the other Documents shall be deemed to refer to the Majority Owner until a successor Bondholder Representative is appointed by the Majority Owner. Notwithstanding anything herein to the contrary, the successor Bondholder Representative appointed pursuant to the provisions of this Section 10.14(b) may be the Federal Home Loan Mortgage Corporation, a shareholder-owned

government-sponsored enterprise (“Freddie Mac”), which may delegate certain of its rights and obligations as Bondholder Representative to the Permanent Lender or its affiliates, or to another entity acceptable to Freddie Mac.

(c) Whenever pursuant to this Indenture or any other Loan Document, the Bondholder Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of the Bondholder Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of the Bondholder Representative, except as otherwise specifically indicated.

(d) Each Majority Owner, by its purchase or other acquisition of the Bonds, shall be deemed to have acknowledged and agreed to the provisions of this Indenture and the other Documents with respect to the Bondholder Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Bonds and the Loan.

*(Remainder of page intentionally left blank.)*

**IN WITNESS WHEREOF**, the Issuer has caused this Indenture to be signed in its name and behalf by its duly authorized officer, and to evidence its acceptance of the trusts hereby created, the Trustee has caused this Indenture to be signed in its name and behalf by its duly authorized officer, all as of the date first above written.

**“ISSUER”**  
**LOS ANGELES COUNTY DEVELOPMENT**  
**AUTHORITY, as Issuer**

By: \_\_\_\_\_  
Executive Director or Designee

\_\_\_\_\_  
Print Name

Approved as to Form:

DAWYN R. HARRISON,  
County Counsel

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

**U.S. BANK TRUST COMPANY, NATIONAL**  
**ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Name:  
Title:

## CONSENT AND AGREEMENT OF BORROWER

For and in consideration of the issuance of the Bonds by the Issuer, the Borrower consents to and approves this Indenture in all respects. In addition, the Borrower agrees that whenever this Indenture by its terms imposes any duty or obligation on the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to this Indenture, and the Borrower agrees to carry out and perform its duties and obligations thereunder.

**2111 FIRESTONE LP,**  
a California limited liability partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit  
corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

**EXHIBIT A-1**

**FORM OF 2023 SERIES E BONDS**

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the LACDA or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**REGISTERED**  
**No. RE-1**

**REGISTERED**  
**[\$[ PRINCIPAL AMOUNT]]**

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY  
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS  
(2111 Firestone)  
2023 Series E**

<b>INITIAL INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED</b>	<b>CUSIP</b>
___	<b>July 1, 2043</b>	<b>[Closing Date]</b>	<b>[CUSIP]</b>

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: [PRINCIPAL AMOUNT SPELLED OUT] ([PRINCIPAL AMOUNT])**

**INITIAL MANDATORY TENDER DATE: [Initial Mandatory Tender Date]**

THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and validly existing under the laws of the State of California (the “LACDA”), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount on (a) January 1 and July 1 of each year, beginning January 1, 2024, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds (the “Interest Payment Dates”) until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

This Bond shall bear interest at the Initial Interest Rate from its dated date to but not including the Initial Mandatory Tender Date and thereafter shall bear interest at the applicable

Remarketing Rate (as defined in the Indenture). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

For purposes of calculating such interest:

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently U.S. Bank Trust Company, National Association (the “**Trustee**”). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the “**Holder**”) at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the “**Regular Record Date**”) on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders as set forth in the Indenture. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

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

The LACDA shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Neither the directors, members, officers, agents, employees or representatives of the LACDA nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or

rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond is one of a duly authorized issue of Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E (the “**Bonds**”), issuable under the Trust Indenture dated as of June 1, 2023 (the “**Indenture**”), between the LACDA and the Trustee, aggregating in principal amount \$[Principal Amount] and used for the purpose of financing a loan (the “**Loan**”) to be made to 2111 Firestone, LP, a California limited partnership (the “**Borrower**”). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing, equipping and improving the Project, as defined in the Indenture, as further provided in the Loan Agreement dated as of even date with the Indenture (the “**Loan Agreement**”), between the LACDA and the Borrower. The Bonds are special limited obligations of the LACDA, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under authority of and in compliance with the Act (as defined in the Indenture) and the Indenture.

The Bonds are subject to redemption and tender prior to their stated maturity, all as set forth in the Indenture.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the LACDA, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to deliver to the Trustee or to the Servicer, as applicable, moneys in the amounts and at the times necessary to pay the principal of and interest (the “**Bond Service Charges**”) on the Bonds. In the Indenture, the LACDA has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the LACDA’s right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement and in the Tax Certificate, dated the Closing Date (the “**Tax Certificate**”), by and between the LACDA and the Borrower, the Borrower has executed and delivered the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2023 (the “**Regulatory Agreement**”), among the LACDA, the Borrower and the Trustee.

Copies of the Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the LACDA only to the extent of the Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the LACDA.

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the LACDA of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the “**Book-Entry interests**”) having no right to receive from the LACDA Bonds in the form of physical securities or certificates. Ownership of Book-Entry interests in the Bonds shall be shown by Book-Entry on the system maintained and operated by DTC, its participants (the “**Participants**”) and certain persons acting through the Participants, and transfers of ownership of Book-Entry interests shall be made only by that Book-Entry system, the LACDA and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of Book-Entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository (as defined in the Indenture) or to another nominee of a Depository, without further action by the LACDA and otherwise at the expense of the Borrower.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a Book-Entry system, the LACDA may attempt to have established a securities depository/Book-Entry system relationship with another qualified Depository under the Indenture. If the LACDA does not or is unable to do so, the LACDA and the Trustee, after the Trustee has made provision for notification of the owners of Book-Entry interests by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000, or any integral multiple of \$[5,000] in excess thereof) to the assignees of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those persons requesting such authentication and delivery, if the event is not the result of LACDA action or inaction (including action at the request of the Borrower).

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Tax Certificate, the Regulatory Agreement, the Partnership Agreement and the Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The Holder of each Bond has only those remedies provided in the Indenture.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Issuer or to have happened (i) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the Issuer, and (ii) precedent to and in the execution



and delivery of the Indenture and the Loan Agreement; that payment in full for the Bonds has been received; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

This Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Los Angeles County Development Authority has caused this Bond to be duly executed by the manual or facsimile signature of its Chair of the Board of Commissioners and attested by the manual or facsimile signature of its Executive Officer all as of the date first written above.

LOS ANGELES COUNTY DEVELOPMENT  
AUTHORITY, as Issuer

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

ATTEST:

CELIA ZAVALA  
Executive Officer of the  
Board of Commissioners

\_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Indenture.

Date of Registration and Authentication: \_\_\_\_\_.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By \_\_\_\_\_

Name \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer that Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

\_\_\_\_\_  
Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee

\_\_\_\_\_

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**EXHIBIT A-2**

**FORM OF 2023 BONDS**

**REGISTERED**  
No. R-\_\_

**REGISTERED**  
\$[PERMANENT PRINCIPAL AMOUNT]

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY  
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS  
(2111 Firestone)  
2023 Series E**

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY (OR ANY INTEREST THEREIN) ONLY TO AN "APPROVED TRANSFEREE" AS DEFINED IN THE INDENTURE (HEREINAFTER DEFINED), SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH TRANSFER TO REQUIRE THE DELIVERY OF AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

<b>DATED DATE</b>	<b>INTEREST RATE</b>	<b>MATURITY DATE</b>
[CLOSING DATE]	As stated below	_____ 1, 20__

<b>PRINCIPAL AMOUNT:</b>	[_____]	(\$[_____])
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INITIAL MANDATORY TENDER DATE: \_\_\_\_\_

THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and validly existing under the laws of the State of California (the "LACDA"), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount on the Interest Payment Dates described in the herein described Indenture until the principal amount is paid or duly provided for.

This Bond is a pass-through obligation and is one of the duly authorized bonds of the Issuer designated as Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E (the "Bonds"), limited in aggregate principal amount to \$[Permanent Principal Amount] issued under the authority of the Act, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") and pursuant to an Indenture of Trust between the LACDA and U.S. Bank Trust Company, National Association, as trustee thereunder (the "Trustee").

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

The LACDA shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Neither the directors, members, officers, agents, employees or representatives of the LACDA nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond is one of a duly authorized issue of Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E (the "**Bonds**"), issuable under the Trust Indenture dated as of June 1, 2023 (the "**Indenture**"), between the LACDA and the Trustee, aggregating in principal amount \$[Permanent Principal Amount] and used for the purpose of financing a loan (the "**Loan**") to be made to 2111 Firestone, LP, a California limited partnership (the "**Borrower**"). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing, equipping and improving the Project, as defined in the Indenture, as further provided in the Loan Agreement dated as of even date with the Indenture (the "**Loan Agreement**"), between the LACDA and the Borrower. The Bonds are special limited obligations of the LACDA, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under authority of and in compliance with the Act (as defined in the Indenture) and the Indenture.

The Borrower is required by the Loan Agreement to deliver to the Trustee or to the Servicer, as applicable, moneys in the amounts and at the times necessary to pay the principal of and interest (the "**Bond Service Charges**") on the Bonds. In the Indenture, the LACDA has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the LACDA's right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. The Bond Service Charges on the Bonds are payable solely from the

Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the LACDA only to the extent of the Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the LACDA.

Reference is made to the Trust Indenture, the Note, and the Loan Agreement and to all amendments and supplements thereto for a description of the property pledged and assigned and the provisions, among others, with respect to the nature and extent of the security, the rights, duties and other obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the rights of the holders of the Bonds and provisions for defeasance of such rights. Capitalized terms used herein have the same meaning as set forth in the Trust Indenture. The terms and conditions set forth herein concerning payment and other rights and remedies of the owners of the Bonds are descriptive only and are subject in all cases to the terms and conditions as set forth in the Trust Indenture.

This Bond is negotiable and is transferable, as provided in the Trust Indenture, only upon the books of the Issuer kept at the office of the Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Bonds of the same aggregate principal amount of authorized denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Bond, all in the manner and subject to the limitations and conditions provided in the Trust Indenture. The Issuer and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

Interest Rates: This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. While this Bond bears interest at the Permanent Rate, interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. While this Bond bears interest at the Taxable Rate, interest on this Bond shall be computed on the basis of a year consisting of 365 or 366 days, as applicable, and actual days elapsed.

Permanent Rate. Commencing on the Dated Date and until the earlier of the day before (i) the Maturity Date, or (ii) the date of redemption prior to maturity, this Bond shall bear interest at a fixed rate per annum of [\_\_\_]% (the "Permanent Rate").

Taxable Rate. If a Determination of Taxability occurs, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest and any additional amounts owed, as provided in the Indenture.

The Bonds are issuable in the form of registered Bonds without coupons in denominations of \$100,000 each or any integral multiple of \$5,000 in excess thereof.

On or following the Conversion Date the Bonds are subject to optional and mandatory redemption prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

The amount of any partial redemption, and the date on which the same is actually made, shall be noted by the Trustee on its records maintained at the Designated Office of the Trustee and, if presented to the Trustee for notation (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), on **Schedule A** attached hereto, but the failure to so note any such partial redemption shall not affect the validity of any payment actually received by the Holder of such Bond.

Except as otherwise stated in the Indenture, the redemption price of any redemption (whether by optional or mandatory redemption) shall be an amount equal to 100% of the principal amount to be redeemed, plus all unpaid interest to the date of redemption, plus a premium in certain instances described in the Indenture.

This Bond shall be registered on the books of the Trustee to be kept for that purpose by the Trustee. This Bond shall be transferable only upon such books (which transfer shall be similarly noted on the registration table attached hereto as **Schedule B** and made a part hereof) held by the Trustee. This Bond may be transferred upon presentation hereof at the Designated Office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder hereof or its duly authorized attorney. The Trustee shall promptly send written notice of any transfers of this Bond to the Issuer and to the Borrower. Such transfers shall be without charge to the Holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer as a condition precedent to the exercise of such privilege.

This Bond is negotiable and is transferable, as provided in the Indenture, only upon the books of the Issuer kept at the office of the Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Bonds of the same aggregate principal amount of authorized denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Bond, all in the manner and subject to the limitations and conditions provided in the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Trust Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Indenture. The Trustee shall treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest, and the exercise of all rights and powers of the owner of this Bond.

All acts, conditions and things required by the statutes of the State of California, the Act and the Trust Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

In any case where the date of maturity of or interest on this Bond shall be, in the city wherein the corporate trust office of the Trustee is located, a Saturday, a Sunday or legal holiday, or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity.



No obligation, covenant, condition or agreement contained in the Indenture or in the Bonds shall be deemed to be an obligation, covenant, condition or agreement of any past, present or future officer, member, director, trustee, fiscal agent, counsel, financial advisor, attorney, official, employee or agent of the Issuer in their individual capacity, and no recourse shall be had for the payment of the principal of, or premium, if any, or interest on, and any sum that may be due and unpaid by the Issuer on the Bonds or for any claim based thereon or upon any obligation, covenant, provision, condition or agreement contained in the Indenture or in the Bonds against any past, present or future officer, member, director, trustee, fiscal agent, counsel, financial advisor, attorney, official, employee or agent of the Issuer, or any counsel attorney, financial advisor, member, director, trustee, officer, official, employee or agent of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, director, trustee, attorney, financial advisor, fiscal agent, counsel, official, employee or agent as such is expressly waived and released as a condition of and in consideration for the execution of this Indenture and the delivery of the Bonds. Neither the officers, members, directors, financial advisors, attorneys, trustees, fiscal agents, counsel, officials, employees or agents of the Issuer nor any person executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

This Bond shall not be entitled to any benefit under the Trust Indenture, or be valid or become obligatory for any purpose, until the Trustee shall have executed the Certificate of Authentication appearing hereon.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Los Angeles County Development Authority has caused this Bond to be duly executed by the manual or facsimile signature of its Chair of the Board of Commissioners and attested by the manual or facsimile signature of its Executive Officer all as of the date first written above.

**LOS ANGELES COUNTY DEVELOPMENT  
AUTHORITY**, as Issuer

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

ATTEST:

CELIA ZAVALA  
Executive Officer of the  
Board of Commissioners

\_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Indenture.

Date of Registration and Authentication: \_\_\_\_\_.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By \_\_\_\_\_  
Name \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer that Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

\_\_\_\_\_  
Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee

\_\_\_\_\_

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**FORM OF CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: \_\_\_\_\_, 2023

**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Vice President, Zions Bank Division

**SCHEDULE A**

\$\_[\_\_\_\_\_]

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY  
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS  
(2111 FIRESTONE  
2023 SERIES E**

REDEMPTION SCHEDULE  
DATE OF REDEMPTION

---

AMOUNT OF REDEMPTION

---

**SCHEDULE B**

\$\_[\_\_\_\_\_]

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY  
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS  
(2111 Firestone)  
2023 SERIES E**

Transfer of Bond

The transfer of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
_____	_____	_____

**EXHIBIT B**  
**FORM OF AMORTIZATION SCHEDULE**



**EXHIBIT C**

**FORM OF INVESTOR LETTER**

Los Angeles County Development Authority  
Los Angeles, California

Hawkins Delafield & Wood LLP  
Los Angeles, California

U.S. Bank Trust Company, National Association  
Los Angeles, California

    \$[Par Amount]  
    Los Angeles County Development Authority  
    Multifamily Housing Mortgage Revenue Bonds  
    (2111 Firestone)  
    2023 Series E

    [\_\_\_\_\_], 20[\_\_]

The undersigned, as purchaser (the “Purchaser”) of the above referenced bonds (the “Bonds”) in the principal amount of \$[Par Amount], which [are/were] issued by the Los Angeles County Development Authority (the “Issuer”) pursuant to that certain Trust Indenture, dated as of June 1, 2023, by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee thereunder, makes the following representations, on which you may rely, in connection with its acquisition of the Bonds:

1. The Purchaser has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Bonds. The Purchaser is able to bear the economic risks of such investment.

2. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable lender would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Project, the Borrower, the use of proceeds of the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. In entering into this transaction the Purchaser acknowledges that it has not relied upon any representations or opinions of the Issuer relating to the legal consequences or other aspects of and acquiring the Bonds, nor has it looked to, nor expected the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Indenture, or the adequacy of the funds pledged to the Trust Estate to secure repayment of the Bonds.

3. The Purchaser is an Approved Transferee.

4. The Purchaser acknowledges that it is purchasing the Bonds for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that the Purchaser may sell or transfer the Bonds in whole or any participation interests in the Bonds, to an Approved Transferee, subject to delivery to the Issuer and the Trustee of representations from the transferee in substantially the same substance as these Required Transferee Representations with no revisions except as may be approved in writing by the Issuer. The Purchaser shall not sell or transfer the Bonds or any interest therein to a party related to or affiliated with the Borrower or any general partner, limited partner or member of the Borrower without the prior written consent of the Issuer.

5. The Purchaser understands that the Bonds are limited obligations of the Issuer, payable solely from funds and moneys pledged and assigned under the Indenture, and that the liabilities and obligations of the Issuer with respect to the Bonds are expressly limited as set forth in the Indenture and related documents.

6. The Purchaser hereby waives the requirement of any “due diligence investigation or inquiry” by the Issuer, by each official of the Issuer, each employee of the Issuer, each member of the governing body of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Tax Counsel in connection with the authorization, execution and delivery of the Bonds and the Purchaser’s purchase of the Bonds, other than, in the case of counsel, such professional due diligence normally and customarily required for such counsel to deliver any opinion delivered by it in connection with the issuance of the Bonds. The Purchaser recognizes and agrees that the Issuer, by each official of the Issuer, each employee of the Issuer, each member of the governing body of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee and Tax Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Purchaser in connection with the Purchaser’s purchase of the Bonds. In making an investment decision, the Purchaser is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the Bonds.

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

8. The Purchaser acknowledges that the Bonds are limited obligations of the Issuer, payable solely from funds and moneys pledged and assigned under the Indenture, and is not an obligation payable from the general revenues or other funds of the Issuer, the State or any political subdivision of the State. The Purchaser acknowledges that the Issuer is issuing the Bonds on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

9. The Purchaser agrees to indemnify and hold harmless the Issuer, the Issuer’s officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer, past, present and future, with respect to any claim asserted against any of them that is based upon the Purchaser’s sale, transfer

or other disposition of its interest in the Bonds in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Purchaser in these representations.

10. The Purchaser has the authority to acquire the Bonds and to execute this letter and other documents and instruments required by the executed by the Purchaser in connection with its acquisition of the Bonds. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and authorized signatory for the Purchaser and authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Purchaser.

11. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[Signature Page to Required Transferee Representations]

**[PURCHASER/TRANSFEEE]**, as Purchaser

By \_\_\_\_\_  
Name  
Title

**EXHIBIT D**

**FORM OF CONVERSION NOTICE**

PROJECT NAME: 2111 Firestone  
PROJECT LOCATION: Los Angeles, California  
AGGREGATE BOND AMOUNT: \$[\_\_\_\_\_]  
ISSUER: Los Angeles County Development Authority  
TRUSTEE: U.S. Bank Trust Company, National Association  
BORROWER: 2111 Firestone LP

The Permanent Lender hereby acknowledges that all Conditions to Conversion have been satisfied or waived by the Permanent Lender, and therefore, the loan shall be converted to the Permanent Mode.

1. The Permanent Loan Amount is \$\_\_\_\_\_.
2. The Redemption Amount is \$\_\_\_\_\_.
3. The Conversion Date will occur on \_\_\_\_\_.
4. (Reserved).
5. If applicable, a revised Amortization Schedule for the Permanent Loan Amount is attached.

**KEYBANK NATIONAL ASSOCIATION**, as  
Permanent Lender

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT E**

**FORM OF REQUISITION CERTIFICATE**

Bond Loan Account of the Project Fund

U.S. Bank Trust Company, National Association  
7390 N. Academy Boulevard  
Colorado Springs, Colorado 80920

Re: \$[\_\_\_\_\_] ]  
Los Angeles County Development Authority  
Multifamily Housing Mortgage Revenue Bonds  
(2111 Firestone)  
2023 Series E

Ladies and Gentlemen:

You are requested to withdraw and disburse funds from the Bond Loan Account of the Project Fund pursuant to Section 5.04 of the Indenture and Section 3.3 of the Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “**Requisition**”). The terms used in this Requisition shall have the meanings given to those terms in the Trust Indenture (the “Indenture”), dated as of June 1, 2023, by and between Los Angeles County Development Authority, as Issuer, and U.S. Bank Trust Company, National Association, as Trustee, securing the above-referenced Bonds or in the Regulatory Agreement (as defined in the Indenture).

1. REQUISITION NO.: \_\_\_\_\_
2. PAYMENT DUE TO: See **Schedule I** attached hereto
3. AMOUNT OF DRAW REQUESTED (before retainage withheld): \$ \_\_\_\_\_  
LESS RETAINAGE: \$ \_\_\_\_\_  
AMOUNT TO BE DISBURSED: \$ \_\_\_\_\_ from: Bond Loan Account of the Project Fund
4. The amount requested to be disbursed pursuant to this Requisition will be used to pay or reimburse the Borrower for those Project Costs detailed in Schedule I attached to this Requisition.
5. The undersigned Borrower certifies that:
  - (i) the amounts included in 3 above were made or incurred or financed and were necessary for the Project and were made or incurred in accordance with the construction contracts, plans, and specifications heretofore in effect;
  - (ii) the amount paid or to be paid, as set forth in this Requisition, represents a part of the funds due and payable for Project Costs and such funds were not paid in advance of the time, if any, fixed for payment and such funds are due in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;
  - (iii) the expenditures for which amounts are requisitioned represent proper charges against the Bond Loan Account of the Project Fund, have not been

included in any previous requisition, have been properly recorded on the Borrower's books and are set forth in **Schedule I** attached hereto;

(iv) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for its funds actually advanced for Project Costs and do not represent a reimbursement to the Borrower for working capital;

(v) the amount remaining in the Bond Loan Account of the Project Fund, together with expected investment income on the Bond Loan Account of the Project Fund, in addition to other funds available to the Borrower for the payment of Project Costs, will, after payment of the amount requested by this Requisition, be sufficient to pay the costs of completing the Project substantially in accordance with the construction contracts, plans, and specifications and building permits therefor, if any, currently in effect;

(vi) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate;

(vii) not less than ninety-five percent (95%) of the sum of:

(A) the amounts requisitioned by this Requisition allocable to Bonds; plus

(B) all amounts previously requisitioned and disbursed from the Bond Loan Account of the Project Fund allocable to Bonds have been or will be applied by the Borrower to pay Qualified Project Costs;

(viii) the Borrower's representations, warranties and expectations set forth in the Tax Certificate are reaffirmed and restated, and have been continuously complied with since the making of the Loan, and the same are true, correct and complete on the date hereof;

(ix) no event of default exists under the Loan Agreement, the Regulatory Agreement, or the Mortgage and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Loan Agreement, the Regulatory Agreement, or the Mortgage;

(x) no amounts being requisitioned by this Requisition are to pay or reimburse Costs of Issuance;

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

(xii) (A) obligations as stated on this requisition have been properly incurred, (B) such work was actually performed or such materials or supplies were actually furnished or installed in or about or delivered to the Project, and (C) either such materials or supplies are not subject to any lien or security interest other than the lien evidenced by the Mortgage or any such lien or security interest will be released or discharged upon payment of this Requisition or is being contested by Borrower in accordance with the Loan Documents; and

(xiii) all rights, title, and interest to any and all personal property acquired with the proceeds of this Requisition is vested or upon payment therefor will become vested in the Borrower;

(xix) for all amounts requisitioned herein, such costs are qualified costs pursuant to Section 142 of the Code; and

(xv) the Issuer and Bond Counsel are authorized to rely on the representation and warranties contained herein; and

The Borrower has attached hereto a copy of each Payee's Form W-9 (dated October 2018) or Form W-8, as applicable (unless previously provided). The Borrower further acknowledges the Trustee cannot process such disbursement request until the Trustee is in receipt of a valid Form W-9 or Form W-8, as applicable, in accordance with Internal Revenue Service regulations and the Foreign Account Tax Compliance Act.



**2111 FIRESTONE LP,**  
a California limited liability partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit  
corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Construction Lender is not making any certification as to the matters certified to by the Borrower in this Requisition.

**KEYBANK NATIONAL ASSOCIATION**, as  
Construction Lender

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE I**

to Project Fund Requisition

Payee

Amount

Description of Work

Payment Instructions:

**EXHIBIT F**

**FORM OF NOTICE OF APPOINTMENT  
OF BONDHOLDER REPRESENTATIVE**

[TRUSTEE]

[BORROWER]

[ISSUER]

[SERVICER]

Re: [ISSUER] Multifamily Housing Mortgage Revenue Bonds ([PROJECT]),  
[SERIES]

Ladies and Gentlemen:

The undersigned is the majority owner (the “**Majority Owner**”) of the above-described Bonds dated [DATE] (the “**Bonds**”) delivered pursuant to the Trust Indenture dated as of [DATE] (the “Indenture”), among [TRUSTEE], as trustee (the “Trustee”) and [ISSUER] (the “Issuer”). Pursuant to Section 10.14 of the Indenture, you are hereby notified that, effective immediately upon receipt of this notice by the Trustee, the Bondholder Representative appointed under Section 12.15 of the Indenture shall be \_\_\_\_\_. [The person or entity previously appointed as Bondholder Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Bondholder Representative.]

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).

NAME	SIGNATURE
_____	_____
_____	_____
_____	_____

Additional individuals may be given such authority by written notice to you from the Bondholder Representative or from the Majority Owner.

This notice is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**[MAJORITY OWNER SIGNATURE BLOCK]**

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

## **EXHIBIT G**

### **MULTI-FAMILY BOND POLICIES AND PROCEDURES**

#### **BOND SECURITY, BOND RATING AND CREDIT ENHANCEMENT**

##### **A. Bond Security**

LACDA issues bonds solely on a conduit basis. Repayment of principal and interest on bonds issued by LACDA will not be secured by any assets of the County of Los Angeles or LACDA but by the proceeds generated by the collateral or the collateral itself.

##### **B. Bond Rating and Credit Enhancement Requirements**

LACDA requires that bonds for which it acts as issuer be both credit enhanced and have a minimum rating in the “A” category by Standard and Poor’s (equivalent Moody’s or other bona fide agency rating also acceptable), except as noted below. LACDA reserves the right to impose these minimum requirements on bond issues for which LACDA or the County holds a TEFRA hearing.

Credit enhancement may take any number of forms, including a letter of credit (LOC), mortgage backed security (MBS), collateral pledge, bond insurance, etc. The bond rating must be obtained by the closing of the bonds issue.

For bond issues that do not meet these minimum requirements, the following requirements shall apply:

1. There may not be more than one bondholder initially and not more than one subsequently.
2. The bonds must be purchased by a “Sophisticated Investor” which is an entity meeting the definition of a “Qualified Institutional Buyer” as defined in Section 144A(a) of the Securities Act of 1933, as amended, or an institutional “Accredited Investor” as described in Rule 501(a)(1), (2), (3) or (8) promulgated under the Securities Act of 1933, as amended.
3. The bondholder must provide an investor letter in a form acceptable to LACDA wherein it acknowledges having sufficient knowledge and experience to evaluate the real estate investment.
4. LACDA must approve all transfers of bond ownership.
5. Subsequent bondholders must be a Sophisticated Investor and sign an investor letter and certify that they have reviewed the financial feasibility of the project and understand the risks.
6. There must always be a trustee, selected by LACDA.

7. The developer must indemnify LACDA, County of Los Angeles, staff, directors, officials, officers, and employees against any lawsuit initiated by the bondholder or any party, regardless of whether or not the developer is negligent.
8. Unrated bonds will not be issued to finance any portion of a continuing care retirement facility.
9. The developer entity shall not be related to the bondholder.
10. The following redemption provisions would apply:
  - A default under the loan agreement would not be defined as a bond default, even though full payments were not being made on the bonds.
  - The bondholder would be free to work out a loan default situation with the current project owner or through foreclosure of the project and its sale to a new owner, while keeping the bonds and regulatory agreement outstanding.
  - In the event a workout cannot be achieved, the documents would allow the bondholder to cause a mandatory redemption of the bonds through a deemed redemption mechanism.
  - If the interest on the bonds ever were determined to be taxable, bonds would be subject to mandatory redemption at the sole direction of LACDA.

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**

**and**

**2111 FIRESTONE, LP**

---

**LOAN AGREEMENT**

---

**Relating to**

**[\$[Principal Amount]  
Los Angeles County Development Authority  
Multifamily Housing Mortgage Revenue Bonds  
(2111 Firestone)  
2023 Series E**

**Dated as of June 1, 2023**

---

The interest of the Los Angeles County Development Authority (the “**Issuer**”) in this Agreement has been assigned (except for “Reserved Rights” defined in this Agreement) pursuant to the Trust Indenture (the “**Indenture**”) dated as of the date hereof from the Issuer to U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), and is subject to the security interest of the Trustee thereunder.

(This Table of Contents is not a part of this Agreement  
and is only for convenience of reference.)

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## LOAN AGREEMENT

This **LOAN AGREEMENT** (as amended, modified or supplemented from time to time, this “**Agreement**”) made as of June 1, 2023, by and between **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, in its capacity as Issuer, the “**Issuer**”), and **2111 FIRESTONE, LP**, a limited liability company, duly organized and validly existing under the laws of the State of California (together with its permitted successors and assigns, the “**Borrower**”);

### WITNESSETH:

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

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

**WHEREAS**, the Borrower has requested the Issuer to issue revenue bonds designated as the Multifamily Housing Mortgage Revenue Bonds (2111 Firestone), 2023 Series E (the “**Bonds**”) and to loan the proceeds from the sale thereof (the “**Loan**”) to the Borrower to finance the acquisition, construction, development and equipping of a multifamily rental housing development located in the County of Los Angeles, known as 2111 Firestone (the “**Project**”); and

**WHEREAS**, pursuant to a Loan Agreement dated as of June 1, 2023 (the “**Loan Agreement**”) among the Issuer, the Trustee and the Borrower, the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower (the “**Loan**”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay all or a portion of the costs of acquisition, construction, development and equipping of the Project, (b) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth therein; and

**WHEREAS**, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of June 1, 2023 in an original principal amount equal to the maximum aggregate issuable principal amount of the Bonds (as amended, modified or supplemented from

time to time (the “**Note**”), evidencing its obligation to repay the Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

**WHEREAS**, the Issuer will make the Loan to the Borrower, subject to the terms and conditions of this Agreement and the Indenture, including the terms and conditions hereof and thereof governing the disbursement of advances and the investment earnings thereon, and the Note will be endorsed, without recourse, by the Issuer to the Trustee; and

**WHEREAS**, to provide and secure amounts to repay to the Loan during the Cash Collateralized Mode, the Borrower has obtained a Construction Loan from KeyBank National Association (the “**Construction Lender**”) and has agreed with the Construction Lender in a Construction Loan and Permanent Loan Agreement of even date herewith (the “**Construction Loan and Permanent Loan Agreement**”) to use proceeds of the Construction Loan to deliver certain Eligible Funds to the Trustee for deposit into the Collateral Fund under and as provided for in the Indenture; and

**WHEREAS**, to provide and secure amounts to repay the Loan during the Permanent Mode, the Borrower has executed this Agreement and other documents executed and delivered for the purpose of securing the Loan; and

**WHEREAS**, the obligations of the Borrower under this Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited in the Bond Loan Account of the Project Fund created pursuant to Section 4.01 of the Indenture; and (ii) the Trust Estate (as defined in the Indenture); and

**WHEREAS**, the Issuer has expressly determined and hereby confirms that the issuance of the Bonds will accomplish a valid public purpose of the Issuer by enabling the Issuer to require the Borrower to comply with the provisions of this Agreement with respect to the Project and the Regulatory Agreement, dated as of the same date as this Agreement; and

**WHEREAS**, the parties hereto, intending to be legally bound hereby, in consideration of the premises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows; provided, that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit, but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding:

## ARTICLE I

### DEFINITIONS

#### Section 1.1. Definitions.

All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture.

Section 1.2. Rules of Construction.

The words “hereof,” “herein,” “hereunder,” “hereto,” “Agreement,” and other words of similar import refer to this Agreement in its entirety.

The term “including” shall mean “including, but not limited to.”

References to Articles, Sections and other subdivisions of this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement.

The headings of this Agreement are for convenience only and shall not define or limit the provisions thereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code shall include any successor or predecessor provisions of law or regulations, to the extent the same shall apply to the Bonds.

References to the Bonds as “tax-exempt” or to the “tax-exempt status” of the Bonds are to the exclusion of interest on the Bonds (other than any Bond held by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

Section 1.3. Uses of Phrases.

Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific sections of the Code refer to such sections of the Code and all successor or replacement provisions thereto.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Issuer.

The Issuer makes the following representations as of the date of the execution and delivery of this Agreement as the basis for the undertakings on its part herein contained:

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

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

(c) The Issuer has duly authorized the execution and delivery of each of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder.

The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the construction and equipping of the Project, that the Project will be adequate or sufficient for the Borrower's intended purposes, as to the condition of the Project or that the Project will be suitable for the Borrower's purposes or needs. The Issuer has not made an inspection of the project or of any fixture or other item constituting a portion thereof, and the Issuer makes no warranty or representation, express or implied or otherwise, with respect to the same or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition or durability thereof, or as to the quality of the material or workmanship therein, it being agreed that all risks incident thereto are to be borne by the Borrower. In the event of any defect or deficiency of any nature in the project or any fixture or other item constituting a portion thereof, whether patent or latent, the Issuer shall have no responsibility or liability with respect thereto. The provisions of this Section 2.1 have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the Issuer, express or implied, with respect to the Project or any fixture or other item constituting a portion thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect.

Section 2.2. Representations, Covenants and Warranties of the Borrower and the Managing Member.

The Borrower and the Managing Member, as applicable, represent, covenant and warrant that:

(a) Good Standing; Single Purpose Covenants

(1) The Borrower (i) is a limited partnership duly organized and existing in good standing under the laws of the State of California, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement and the Tax Certificate, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State of California. The Borrower's business and purpose have always and shall consist solely of the ownership, development, operation and management of the Project and such other lawful activities as are incidental, necessary or appropriate thereto. The Borrower shall not incur any indebtedness other than the indebtedness created by the Project and approved by the Issuer, indebtedness required under the Operating Agreement, other indebtedness permitted under the Indenture, and normal trade accounts payable in the ordinary course of the Borrower's business and/or advances on account of the Borrower. The Borrower shall not assume or guaranty any other Person's indebtedness or obligations. The Borrower shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets, except in the ordinary course of business of operating the Project, substantially as an entirety to any entity. The Borrower is not contemplating and shall not institute or consent to any bankruptcy, insolvency or reorganization proceedings with respect to it, consent to the

appointment of a receiver or similar official with respect to it, make any assignment for the benefit of its creditors. The Borrower shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements. The Borrower shall not commingle its assets or funds with those of any other Person.

(2) The Managing Member (i) is a limited liability company duly organized and existing in good standing under the laws of State of California, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement, and the Tax Certificate, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State of California. The Managing Member's business and purpose shall consist solely of acting as the managing member of the Borrower. The Managing Member shall not incur any indebtedness other than such obligations under the Project documents, the Borrower's Operating Agreement and related documents, the Borrower's Project indebtedness approved by the Issuer and normal trade accounts payable in the ordinary course of its and the Borrower's business and shall not assume or guaranty any other Person's indebtedness or obligations. Except as allowed as a Permitted Transfer, the Managing Member shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property, except in the ordinary course of business, and assets substantially as an entirety to any entity. The Managing Member shall not, with respect to itself or the Borrower, institute or consent to any bankruptcy, insolvency or reorganization proceedings, consent to the appointment of a receiver or similar official, make or consent to any assignment for the benefit of creditors. The Managing Member shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates using reasonable and customary terms pursuant to enforceable agreements. The Managing Member shall not commingle its assets or funds with those of any other Person.

(b) Authority. The Borrower and the Managing Member have full power and authority to (i) execute and deliver the Borrower Documents and (ii) incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate

action. All consents or approvals of any public authority which are required as a condition to the validity of this Agreement, the Tax Certificate, the Note, the Bond Purchase Agreement, and the Regulatory Agreement have been obtained.

(c) Binding Agreements. The Borrower Documents have been properly executed by a duly authorized partner or member, as applicable, of the Borrower and the Managing Member (as applicable) and constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(d) Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened in writing against the Borrower, the Managing Member or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Borrower Documents.

(e) No Events of Default. To the Borrower's knowledge, no event has occurred and no condition exists with respect to the Borrower or the Project that would constitute a Default that is continuing or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become a Default.

(f) Conflicts; Defaults. There is (i) no provision of the Borrower's or Managing Member's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the Managing Member or affecting any of the Borrower's property and (ii) to the Borrower's or Managing Member's knowledge, no provision of law or order of court binding upon the Borrower or Managing Member or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Borrower Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

(g) Title to Project. The Borrower has or will have on the Closing Date a leasehold title in the land and buildings constituting the site of the Project free and clear of any liens or encumbrances, other than the liens contemplated by the Construction Loan Documents, Permanent Loan Documents, Permitted Encumbrances and Issuer Documents.

(h) Financial Statements. The financial statements of the Borrower and the Managing Member delivered to the Issuer are each complete and correct and fairly present in all material respects the financial position of the Borrower and the Managing Member and the results of operations as of the dates and for the periods referred to and, with respect to the Borrower and Managing Member only, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved. There are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally



accepted accounting principles), direct or indirect, fixed or contingent, of the Borrower or the Managing Member as of the date of such financial statements which are not reflected therein or in the notes thereto. There has been no material adverse change in the financial condition or operations of the Borrower or the Managing Member since the date of such balance sheet (and to the Borrower's and Managing Member's knowledge no such material adverse change is pending or threatened), and none of the Borrower or the Managing Member has guaranteed the obligations of, or made any investment in or loans to, any Person except as disclosed in such balance sheet or as provided for in the Documents. The Borrower and Managing Member have good and marketable title to all of its properties and assets, including the Property, and all of such properties and assets, including the Property, are free and clear of encumbrances (other than Permitted Encumbrances), except as reflected on such financial statements or in the notes thereto.

(i) Indenture. The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Agreement, that it has reviewed the Indenture, and it hereby approves the Indenture. The Borrower agrees to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(j) Events Affecting Tax Exemption.

(i) The Borrower has not taken or permitted to be taken any action or inaction that would adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds, and the Borrower has never been advised that the interest is or will be subject to inclusion in gross income for federal income tax purposes. As of the Closing Date, the Borrower is in compliance with all requirements contained in the Tax Certificate and the Regulatory Agreement, and the representations set forth in the Tax Certificate and the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate in all material respects. Notwithstanding the above, if the Borrower becomes aware of any situation, event or condition which would result in the interest on the Bonds being includable in gross income for federal income tax purposes, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee.

(ii) At least 95% of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code), and the Borrower will not request or authorize any disbursement from the Project Fund which, if paid, would result in less than 95% of the net proceeds of the Bonds being so used.

(iii) Costs of issuance paid with proceeds of the Bonds will not exceed 2% of the proceeds of the Bonds (within the meaning of Section 147(g) of the Code), and the Borrower will not request or authorize any disbursement from the Project Fund which, if paid, would result in more than 2% of the proceeds of the Bonds being so used. Except as permitted by Treasury Regulations

1.148-6(d)(3)(ii), none of the proceeds of the Bonds will be used for working capital purposes.

(iv) The proceeds of the Bonds shall be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and that the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its members and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the members of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or event of default under this Agreement or the Indenture.

(v) The Project was not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the adoption on June 14, 2022 of the resolution of the Issuer with respect to the Project, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the Project was paid or incurred prior to 60 days prior to such date except for expenditures that qualify as "qualified preliminary expenditures" under the Treasury Regulations.

(k) Compliance with Laws. The Project is of the type authorized and permitted by the Act and will, from the Closing Date forward, be operated in compliance with the provisions of the Act and the provisions of the Code applicable thereto. The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of California and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of the State of California and of other federal and local governmental bodies required for the operation of the Project.

(l) No Material Misstatements. The representations and warranties of the Borrower and the Managing Member contained in the Borrower Documents (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance or delivery of the Bonds on the Closing Date), contain no material misstatement of fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and

complete in all material respects, do not contain any untrue statement or misleading statement of material fact, and do not omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and assumptions contained in this Agreement and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the most accurate information available to the Borrower.

(m) Interest of Member or Agent of Issuer. To the knowledge of the Borrower, no member or agent of the Issuer has been or is in any manner interested, directly or indirectly, in that Person's own name or in the name of any other Persons, in the loan of the Bond proceeds, the Bonds, the Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Documents.

(n) Arbitrage Bonds. No money on deposit or to be deposited in any fund or account in connection with the Bonds, whether or not such money was or is to be derived from other sources, has been or will be used by or under the direction of the Borrower in any manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(o) No Purchase of Bonds. The loan of the proceeds of the Bonds by the Issuer to the Borrower is to be treated as a "program investment" as defined in Treasury Regulations Section 1.148-1(b). The Borrower (or any "related person," as such term is used in Section 144(a)(3) of the Code) shall not purchase, pursuant to a formal or informal arrangement, the Bonds in an amount related to the amount of such loan.

(p) Tax Returns. The Borrower has filed or caused to be filed all required federal, state and local tax returns and has paid all taxes as shown on such returns as such taxes have become due. No claims have been assessed and are unpaid with respect to such taxes.

(q) No Reliance on Issuer. The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds.

(r) Fees. The Borrower shall provide for the payment of all Issuer fees, including the Issuer Closing Fee on the Closing Date and the Issuer Annual Fee, as well as legal counsel fees and expenses, as set forth in the Indenture. The Borrower shall pay the Issuer Closing Fee, the Issuer Annual Fees and all expenses of the Issuer and the Trustee. Specifically, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer, within thirty (30) days after receipt of request for payment thereof, all expenses of the Issuer and the Trustee actually incurred and related to the Project and the financing thereof (including, without limitation, the fees and expenses of counsel to the Issuer,

Bond Counsel and agent and counsel of the Trustee) which are not paid from the funds held under the Indenture, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds, in connection with questions or other matters arising under such documents, or in connection with any federal or state tax audit or post issuance examination of the Bonds. The Issuer agrees that it will notify the Borrower of the receipt of audit communications from any state or federal agency. The Borrower agrees to pay the printing and engraving costs of the Bonds, including any certificates required to be prepared for use in connection with any exchanges of Bonds for the cost of which Owners are not liable. This obligation shall remain valid and in effect notwithstanding repayment of the Loan hereunder or termination of this Agreement.

(s) Place of Business of Borrower. The Borrower has a place of business in the State of California.

(t) Name of Borrower and Managing Member. The Borrower filed a Certificate of Formation with the State of California, and since its date of filing has done business only under the name of 2111 Firestone, LP. The term “Managing Member” is deemed to mean Kingdom Firestone, LLC, a California limited liability company, Elsey Affordable California, LLC, a California limited liability company, the administrative general partner of the Borrower, and Domus GP LLC, a California limited liability company, the co-general partner of the Borrower.

(u) Governmental Requirements. To the Borrower’s knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower, the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project, all necessary utilities are available or will be available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(v) Condemnation. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened in writing, with respect to the Project or any portion thereof.

(w) Governmental Approvals. The Borrower has obtained, or will obtain and has maintained as currently in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that:

(i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and

(ii) are necessary for the acquisition, construction, financing and operation of the Project.

(x) Acquisition, Use and Operation of the Project.

(i) The Borrower presently intends to use or operate the Project in a manner consistent with the Act and in accordance with the Regulatory Agreement for the entire term of the Bonds and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved in writing by the Issuer which will be consistent with the Act and the Regulatory Agreement.

(ii) The acquisition, construction, development and equipping of the Project will be completed in accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Code and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(iii) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell any of the units that comprise the Project. It is hereby acknowledged, however, that the Borrower’s partnership agreement does provide for certain rights of one or more of its partners to acquire the Project, and for the possible acquisition of the Project following the fifteen year tax credit compliance period as identified in the Borrower’s partnership agreement, and those provisions shall not result in a breach of this paragraph.

(iv) The Project will be located entirely within the boundaries of the jurisdiction in which the Issuer was formed.

(y) Loan Proceeds; Deposits to Collateral Fund.

(i) The Borrower shall use its best efforts to cause there to be deposited from time to time in the Collateral Fund, moneys in such amount and at such times as may be necessary to allow the Trustee to disburse funds from the Project Fund pursuant to the Indenture upon the Trustee’s receipt of a disbursement request from the Borrower to pay costs of the Project.

(ii) In the event the Loan proceeds are not sufficient to complete the acquisition and construction of the Project and the payment of all costs of issuance of the Bonds, the Borrower will furnish any additional moneys from any source determined by the Borrower as necessary to complete the acquisition and construction of the Project and pay all cost of issuance of the Bonds.

(iii) Less than 25% of the proceeds of the Loan will be used to pay or reimburse the Borrower for the cost of land or any interest therein.

(iv) The Borrower shall provide no less than 30 days written notice to the California Debt Limit Allocation Committee and to the Issuer prior to the redemption of the Bonds, in whole or in part, on the Maturity Date.

(v) Neither the Borrower nor any related Person thereto shall acquire any Bonds in any amount.

All representations and warranties of the Borrower in any Borrower Document are incorporated herein by reference for the benefit of the Issuer and the Trustee as if fully set forth herein. The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants.

Section 2.3. Additional Representations, Warranties and Undertakings of the Borrower and the Managing Member.

The Borrower and the Managing Member, as applicable, make the following additional representations as the basis for their covenants and agreements herein:

(a) The execution and delivery of the Borrower Documents, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its formation and governance documents, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, the Borrower is not in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance under the Borrower Documents by the Borrower.

(b) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened in writing against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the construction of the Project.

(c) Neither any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of the Borrower Documents nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Borrower shall have the right, without creating a Default hereunder, to contest the validity or amount of any lawful claims against the Borrower or the Property in good

faith by timely and appropriate proceedings at its sole cost and expense, provided that (i) the Borrower shall give the Servicer, the Issuer and the Trustee written notice of its intention to contest such claims, (ii) the Borrower shall diligently prosecute such claims, (iii) the Borrower shall at all times effectively stay or prevent the imposition of any lien against the Property as a result of such lawful claims and the enforcement of such claim until resolution of the contest, or, to the extent any lien is imposed as a result of any such lawful claim, shall immediately bond off such lien, (iv) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not, in the reasonable discretion of the Servicer and the Issuer materially impaired during the period of contest, and (v) the Borrower shall establish reasonable reserves or obtain bonding for such liabilities being contested if the Servicer reasonably determines, after consulting with the Issuer, such reserves or bonding to be necessary. If clauses (i) through (v) are not satisfied, the Borrower shall promptly pay and discharge such claims, and the failure to so pay such claims shall constitute a Default under this Agreement.

(e) The Borrower shall maintain the insurance required as required by the Lender and such other insurance with insurance companies on such of its properties, in such amounts and against such risks, as is customarily maintained by similar businesses operating in the same vicinity, and shall provide evidence of such insurance to the Trustee, the Issuer, and the Servicer as provided in a reasonably requested. Such insurance shall name the Issuer, the Servicer and the Trustee as additional insureds and as loss payees, as their interest may appear.

(f) The Borrower shall maintain in good standing its existence as a limited liability company under the laws of the State of California. The Managing Member shall maintain in good standing its existence as a limited liability company under the laws of the State of California.

(g) The Project shall at all times after the Completion Date operate and maintain approximately 85 rental units (including one manager's unit) and the Borrower shall not at any time convert any of the rental units in the Project into non-residential space.

(h) The Borrower shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials in violation of Governmental Requirements, except for amounts of substances which are customarily used in the construction or operation of a multifamily residential rental project, and then only in compliance with applicable Governmental Requirements; nor shall the Borrower cause or permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or occupant, a release of Hazardous Materials onto the Property or the Project or, in the case of the Borrower, onto any other property. The Borrower shall comply with and ensure compliance by all tenants and occupants with all applicable Governmental Requirements concerning Hazardous Materials, whenever and by whoever triggered, and shall obtain and comply with, and shall ensure that all tenants and subtenants obtain and comply with any and all approvals, registrations or permits required thereunder. The Borrower shall conduct all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Land or the Project in accordance with, and as may be necessary to comply with all applicable Governmental Requirements.

(i) The Borrower shall comply with all restrictive covenants affecting the Land, the Property and the Project, including, without limitation, the Regulatory Agreement.

(j) The Borrower and the Managing Member shall promptly notify the Trustee, the Issuer, and the Servicer in writing, with a full description, of all threatened (in writing) or pending litigation of which the Borrower or the Managing Member receives written notice, and of all proceedings before any court or any Governmental Authority in which the Borrower or the Managing Member is a party or of which the Borrower or the Managing Member receives written notice, which if adversely determined, would materially adversely affect the conduct of the business of the Borrower or the Managing Member, the condition (financial or otherwise) of the Borrower or in any material manner adversely affecting the Property, including, but not limited to, tax deficiencies and any prospective Condemnation, change of zoning or other action affecting the Property or the Project. The Borrower shall provide prior written notice to the Servicer and the Issuer, prior to entering into a settlement in any litigation or proceedings involving (i) a recovery, or an uninsured payment, by the Borrower in excess of \$25,000, so long as (A) any payment under \$25,000 is not made from the revenues of the Project, and (B) all other payments in excess of \$25,000 are approved by the Servicer and the Issuer, such approval not to be unreasonably withheld (ii) a change in the Permitted Use of the Property, (iii) the inclusion in Gross Income of interest on the Bonds, or (iv) the creation of a lien on the Property.

(k) The Borrower shall be solely responsible for, and shall promptly make all disclosures and file or cause to be filed by the Issuer all reports required by all applicable federal and state securities laws in connection with the Bonds, the Loan and the Project, including, if applicable, SEC Rule 15c2-12 and any similar or successor rules hereinafter made applicable to the Bonds, and will provide the Trustee and the Issuer with all information necessary for the Trustee or the Issuer, as applicable, to make any such required disclosures or file such reports. The Servicer shall be provided with a copy of each disclosure or report filed by the Borrower or the Issuer pursuant to the provisions of this paragraph (k).

(l) The Borrower shall keep and maintain the Property and each part thereof in good condition, working order and repair, and make all necessary or appropriate repairs, replacements and renewals thereto so that each part thereof shall at all times be in good condition, fit and proper for the respective purposes for which it was originally intended, erected or installed and to ensure that the security for the Bonds and the Loan shall not be impaired. The Borrower shall not use or occupy the Property or knowingly permit the same to be used or occupied in any manner which would cause structural injury to the Project or which would cause the value or the usefulness of the Property or any part thereof to diminish (ordinary wear and tear for its business excepted), or which would constitute a public or private nuisance or waste. Upon the written demand of the Servicer, the Borrower shall commence and proceed promptly and diligently to maintain and repair the Project in good condition, working order and repair and to correct any structural injuries or defects in the Project. In the event the Borrower fails to maintain and repair the Property or to correct structural injuries or defects in accordance with the terms of this subsection, the Servicer shall have the right to enter onto the Property in order to take any and all actions deemed necessary by the Servicer to so maintain and repair the Property, and all sums expended by the Servicer in connection therewith shall be payable by the Borrower with interest, on demand.



(m) (Reserved).

(n) The Borrower shall not, without the prior written consent of the Servicer and the Issuer, create, assume or suffer to exist any other indebtedness or liability for the debts or obligations of any other Person except the Construction Loan, the AHFC Loan, and the Permanent Loan (and any other indebtedness and obligations expressly permitted by the Construction Loan and Permanent Loan Agreement).

(o) The Borrower shall not enter into any agreement, contract or undertaking containing any provision which would be violated or breached by the performance by the Borrower of any obligations hereunder or under any other Document.

(p) The Borrower shall deliver to the Servicer, the Issuer and the Trustee, on demand by either or both, as applicable, any contracts, bills of sale, statements, receipted vouchers or agreements, under which the Borrower claims title to any materials, fixtures or articles incorporated in the Project or subject to the lien of this Agreement or the Deed of Trust.

(q) With the exception of all of the Project Documents entered into on the Closing Date, and service contracts that are cancellable on not more than thirty (30) days' notice, the Borrower shall not, without the Issuer's and the Servicer's prior written consent, enter into any contracts or agreements relating to the Property or the operation thereof which (A) would bind a successor owner of the Property, or (B) would bind and run with the Property.

(r) (Reserved).

(s) The Borrower agrees to provide to the Issuer or the Trustee, as applicable, all information necessary to enable the Issuer or the Trustee, as applicable, to complete and file all forms and reports required by the laws of the State and the provisions of the Code in connection with the Project and the Bonds.

(t) At all times during the term of the Loan, the Borrower shall comply, and take all necessary steps to ensure compliance, with all requirements of Section 42 of the Code and all rules and regulations promulgated pursuant thereto by the Federal government or the applicable tax credit housing agency relating to the Section 42 low-income housing tax credits, including, but not limited to, all restrictive covenants and agreements with the applicable tax credit housing agency.

(u) At all times during the term of the Loan, the Borrower and the Managing Member warrant and represent that neither it nor any person or entity who holds any direct or indirect interest in the Borrower or the Managing Member, the Project or the proceeds of the Loan described herein, or is in any way affiliated with or will benefit from any of the above, (i) is described in, covered by, or specially designated pursuant to or affiliated with any person or entity described in, covered by, or specially designated pursuant to "Executive Order 13224 Blocking Terrorist Property and a Summary of the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), Terrorism List Governments Sanctions Regulations (Title 31, Part 596 of the U.S. Code of Federal Regulations), and Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of U.S. Code of Federal Regulations)" ("**Executive Order 13224**"), or any other list or designation promulgated by the United States of America or

any department or agency thereof of persons or entities transactions with which are blocked or prohibited by any statute, regulation or governmental order and (ii) is not, and shall not become a person or entity with whom any individual or entity is restricted from doing business with under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as amended from time to time (the “**USA Patriot Act**”) or Executive Order 13224, and any regulations promulgated pursuant thereto.

(v) The Borrower shall pay all actual, out of pocket fees, costs and expenses required to be paid by the Borrower under the terms of this Agreement.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to the Borrower Documents or in connection with the transaction contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds.

All representations and warranties of the Borrower and the Managing Member in any Borrower Document are incorporated herein by reference for the benefit of the Issuer and the Trustee as if fully set forth herein. The Borrower and the Managing Member acknowledge that the representations and covenants herein made by the Borrower and/or the Managing Member have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants.

#### Section 2.4. Tax-Exempt Status of the Bonds.

Excluding any representations made therein by or on behalf of another party thereto, the Borrower hereby represents, warrants and agrees that the representations, covenants and certifications in the Tax Certificate and the Regulatory Agreement, each executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds, is true, accurate and complete in all material respects as of the date on which each such document is executed and delivered.

#### Section 2.5. Notice of Determination of Taxability.

Promptly after the Borrower first becomes aware of any investigation relating to the tax-exempt status of the Bonds, or a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Permanent Lender and the Trustee at the address of each party listed in Article I of the Indenture.

### ARTICLE III

#### CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

##### Section 3.1. Agreement to Construct the Project.

The Borrower agrees to make all contracts and do all things necessary for the construction of the Project to ensure the Conditions to Conversion are satisfied by the Conversion Deadline. The Borrower further agrees that it will construct the Project with all reasonable dispatch and use its best efforts to cause construction of the Project to be completed by the Completion Date; but if

for any reason such construction is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.2 hereof to be paid by the Borrower.

Section 3.2. Agreement to Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds.

In order to provide funds for the payment of the Qualified Project Costs, the Issuer, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited into the Bond Loan Account of the Project Fund.

Section 3.3. Disbursements from the Project Fund.

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Bond Loan Account of the Project Fund to pay Qualified Project Costs upon satisfaction of the requirements of the Indenture (which in any event will require corresponding deposits into the Collateral Fund as and when as provided for in the Indenture and the Construction Loan and Permanent Loan Agreement). The Trustee is directed in the Indenture to make disbursements from the Bond Loan Account of the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition in substantially the form attached to the Indenture, and the corresponding deposit into the Collateral Fund as and when provided for in the Indenture and the Construction Loan and Permanent Loan Agreement.

The Borrower's right to request disbursements from the Bond Loan Account of the Project Fund is limited to the principal amount of the Loan and conditioned upon the delivery of Eligible Funds to the Trustee for deposit to the Collateral Fund as set forth in the Indenture.

Section 3.4. Furnishing Documents to the Trustee.

The Borrower agrees to cause each Requisition to be directed as set forth in the Indenture as may be necessary to effect payments out of the Bond Loan Account of the Project Fund in accordance with Section 3.3 hereof.

Section 3.5. Establishment of Completion Date.

(a) The Borrower Representative shall evidence completion of the Project by providing the certificate of substantial completion under and as provided for in the Construction Loan and Permanent Loan Agreement, which shall reflect the date of completion of the Project; and such date shall be *prima facie* evidence of the actual date of Completion. The foregoing shall not limit the requirements of the Construction Loan and Permanent Loan Agreement with respect to the release of the final advance of the Construction Loan for retainage, and the requirements of the Conditions to Conversion.

(b) If at least ninety-five percent (95%) of the proceeds of the Bonds have not been used to pay Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Bond Loan Account of the Project Fund for payment of Qualified Project Costs not then due and payable) remaining in the Bond Loan Account of the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of the Bonds or

(ii) for any other purpose provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Section 3.6. Borrower Required to Pay in Event Project Fund Insufficient.

In the event the moneys in the Bond Loan Account of the Project Fund are not sufficient to pay the Qualified Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Qualified Project Costs in excess of the moneys available therefore in the Bond Loan Account of the Project Fund as and when provided for in the Construction Loan and Permanent Loan Agreement. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Bond Loan Account of the Project Fund and available for payment of the Qualified Project Costs will be sufficient to pay all of the Qualified Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Bond Loan Account of the Project Fund, the Borrower should pay any portion of the Qualified Project Costs pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement.

Section 3.7. Special Arbitrage Certifications.

The Borrower and the Issuer covenant (i) not to take any action or inaction or fail to take any action which would cause the interest on any of the Bonds to be or become includable in the gross income for federal income tax purposes and (ii) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 3.8. Rebate Calculations and Payments.

Within thirty (30) days after the end of each fifth Bond Year and within twenty (20) days after payment in full of the Bonds, if necessary, the Borrower shall cause the Rebate Analyst to calculate the Rebate Amount as of the end of that Bond Year or the date of such payment and the Rebate Analyst shall notify the Trustee and the Borrower of that amount. If the amount then on deposit in the Rebate Fund created under the Indenture is less than the Rebate Amount (taking into account the amount or amounts, if any, previously paid to the United States), the Borrower shall, within 30 days after the date of the aforesaid calculation, deposit or cause to be deposited to the credit of the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Borrower to make or cause to be made such

payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture or the termination of this Agreement. The Borrower shall obtain such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code and shall retain such records for at least three (3) years after the maturity or retirement of the Bonds.

Section 3.9. Rebate Analyst.

In accordance with Section 3.8 hereof, the Rebate Analyst shall perform any calculations required under Section 4.7 of the Indenture at the sole expense of the Borrower. In the event the Issuer does not select a Rebate Analyst when any such calculation is required, the Borrower, with the consent of the Issuer, shall appoint a Rebate Analyst, the expense of which shall be borne by the Borrower, and the Borrower shall give prompt notice in writing to the Trustee of such appointment. The Borrower further covenants that, during the term of the Bonds, in the event the Borrower sells or otherwise disposes of the Project, it will require that the transferee execute a covenant similar to that in this Section in the sale or other documents concerning the disposition and will require such transferee to include such a covenant in future transfer documents. The special covenants of the Borrower in this Section shall survive the defeasance or payment in full of the Bonds notwithstanding any other provision of this Agreement until the requirements for payment of any Rebate Amount have been fully satisfied.

## ARTICLE IV

### LOAN PROVISIONS

Section 4.1. Loan of Proceeds.

The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.3 hereof.

Section 4.2. Amounts Payable.

(a) The Borrower hereby covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made with respect to the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Loan. The Borrower also covenants and agrees to pay any additional amounts that may be due as a result of a Determination of Taxability or in connection with any prepayment of the Bonds permitted under the Construction Loan and Permanent Loan Agreement.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.2 are assigned by the Issuer to the Trustee for the

benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

(c) After Conversion, the Borrower shall pay to the Trustee, for deposit into the Revenue Account of the Bond Fund, on the Business Day immediately preceding each Interest Payment Date, an amount equal to the sum of (i) the interest due on the Bonds on such date, plus (ii) the principal due on the Bonds on such date, including the amount of mandatory redemption payments, if any, required pursuant to Section 3.1 of the Indenture (to the extent of money not already on deposit with the Trustee with respect to such mandatory redemption payments). Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(d) The Borrower understands that the interest rate applicable under the Note and with respect to the Bonds is based upon the assumption that interest paid on the Bonds will be excludable from the gross income for federal income tax purposes under Section 103 of the Code. In the event that an initial notice of a Determination of Taxability shall occur, then the interest rate on the Note and the Bonds, and on all obligations under this Agreement (other than those to which the Alternative Rate applies) shall, effective on the date of such notice of Determination of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Account of the Bond Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bonds. The Borrower shall also indemnify, defend and hold the Owners, Issuer and Trustee (and each of their directors, members, officers and employees) harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owners', Issuer's and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 4.2(d) shall survive termination of this Agreement and the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 4.2(c), a final determination is made, to the satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners' gross income for federal income tax purposes under Section 103 of the Code, the Owners shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 4.2(c).

#### Section 4.3. Fees and Expenses.

At the closing, the Borrower agrees to cause to be deposited the Costs of Issuance Deposit into the Costs of Issuance Fund as required under the Indenture, to pay, from moneys on deposit therein or in the Expense Fund or from other funds, the Issuer's Fee, the Trustee Ongoing Fee, Remarketing Agent's Fee and the fees of the Rebate Analyst (including the reasonable fees and expenses of their respective counsel actually incurred) in connection with the issuance of the

Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Expense Fund or the Costs of Issuance Fund in accordance with Section 4.6 or Section 4.8 of the Indenture. All fees payable in connection with the closing of the loan represented by this Agreement, including the Issuer's Closing Fee and the initial fees and expenses of the Trustee, shall have been paid or will be paid on the Closing Date. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable. The Borrower will also pay any reasonable expenses actually incurred in connection with any redemption or remarketing of the Bonds. Additionally, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer (whether such amounts are due on the Closing date or not), all reasonable costs and expenses incurred by the Issuer for post-closing actions including but not limited to consents, review, and modifications, all reasonable costs and expenses incurred by the Trustee in its administration of the trusts created by the Indenture and in the performance of its duties under the Documents, and all reasonable third-party expenses incurred by the Trustee, the Servicer, or the Issuer in servicing the Loan and the Bonds.

The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, including the Regulatory Agreement.

Section 4.4. Obligations of the Borrower Unconditional.

The obligations of the Borrower to make the payments required under this Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other Person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Agreement, (ii) will perform and observe all of its other agreements contained in this Agreement and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of California or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

Section 4.5. Remarketing of Bonds.

The Borrower is hereby granted the right to (i) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.8 of the Indenture and (ii) with the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld), designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent

set forth in Sections 3.6 and 3.7 of the Indenture. Notice of any such Remarketing Period and the related Mandatory Tender Date also shall be delivered to the Trustee not later than 30 days prior to the Mandatory Tender Date.

## ARTICLE V

### SPECIAL COVENANTS

#### Section 5.1. No Warranty of Condition or Suitability by Issuer.

EXCEPT AS HEREIN PROVIDED, THE ISSUER MAKES NO OTHER REPRESENTATIONS, EITHER EXPRESSLY OR IMPLIEDLY, AS TO THE PROJECT OR THE FINANCING THEREOF. THE ISSUER MAKES NO REPRESENTATION AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER AND DOES NOT REPRESENT OR WARRANT AS TO ANY OF THE STATEMENTS, MATERIALS (FINANCIAL OR OTHERWISE), REPRESENTATIONS OR CERTIFICATIONS FURNISHED OR TO BE MADE AND FURNISHED BY THE BORROWER IN CONNECTION WITH THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE BONDS, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY OF SUCH STATEMENTS. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE FUNDS APPLIED BY THE BORROWER WILL BE SUFFICIENT TO FINANCE THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE PROJECT OR THAT THE PROJECT WILL BE ADEQUATE OR SUFFICIENT FOR THE BORROWER'S INTENDED PURPOSES. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS REQUIRING THE ISSUER TO PROVIDE ANY FINANCING FOR THE PROJECT OTHER THAN THE PROCEEDS OF THE LOAN OR TO PROVIDE SUFFICIENT MONEYS FOR ALL OF THE COSTS OF THE PROJECT. THE ISSUER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF INCLUDING, WITHOUT LIMITATION, THE HABITABILITY THEREOF, THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY OR CAPACITY THEREOF; LATENT DEFECTS THEREIN; THE VALUE THEREOF; FUTURE PERFORMANCE OR THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS.

#### Section 5.2. Access to the Project.

The Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the construction thereof at all reasonable times. The Borrower acknowledges that the Issuer shall monitor the construction of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.



Section 5.3. Tax Representations and Covenants. The Borrower represents, warrants and covenants as follows:

(a) It is the intention of the parties hereto that interest on the Bonds (other than with respect to interest on any portion of the Bonds for a period during which such portion of the Bonds is held by a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code) shall be and remain excludable from gross income for federal income tax purposes, and, to that end, the covenants and agreements of the Borrower in this Section are for the benefit of the Issuer and the Trustee on behalf of and for each and every holder of the Bonds. In particular, but not by way of limitation thereof, the Borrower covenants as follows:

(i) to take such action to assure that the Bonds are “exempt facility bonds”, as defined in Section 142(a) of the Code, at least ninety-five percent (95%) percent of the proceeds of which are used to provide “qualified residential rental projects” (within the meaning of Section 142(a)(7) of the Code) or property functionally related and subordinate to such facilities;

(ii) to comply with the terms and conditions of the Regulatory Agreement including, without limiting the generality of any other covenant contained herein,

A. assuring that at all times within the Qualified Project Period that forty percent (40%) of the residential units in the Project will be occupied by persons whose income is sixty percent (60%) or less of area median gross income;

B. obtaining annually from each tenant of a residential unit described in clause (A) above, a certification of income to currently determine income compliance with the foregoing; and

C. assuring that none of the residential units in the Project will be used for a purpose other than residential rental and that none of the units will be used as owner-occupied residences within the meaning of Section 143 of the Code;

(iii) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code;

(iv) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire “investment property” (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield than the yield on the Bonds over the term of the Bonds, other than investment property acquired with:

A. proceeds of the Bonds invested for a reasonable temporary period equal to three (3) years or less until such proceeds are needed for the purpose for which the Bonds are issued;

B. amounts invested in a “bona fide debt service fund” within the meaning of Treasury Regulations Section 1.148-1(b) ; and

C. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the stated principal amount (or, in the case of Bonds issued at a discount, the issue price) of the Bonds;

(v) to otherwise restrict the use or investment of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the requirements of Section 148 of the Code;

(vi) to use no more than two percent (2%) of the proceeds of the Bonds for the payment or reimbursement of costs of issuance;

(vii) to use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(viii) to comply with the limitations imposed by Section 147(c) of the Code (relating to the limitation on the use of Bond proceeds to acquire land) and Section 147(d) of the Code (relating to restrictions on the use of Bond proceeds to acquire existing buildings, structures or other property); and

(ix) to immediately remit to the Trustee for deposit in the Rebate Fund any deficiency with respect to the Rebate Amount as required by the Indenture.

(b) The Issuer and Borrower understand that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, “transferred proceeds” as defined in Treasury Regulations Section 1.148-1(b). It is the understanding of the Issuer and the Borrower that the covenants contained in this Agreement are intended to assure compliance with the Code and Treasury Regulations. In the event that the Code is changed or regulations or rulings are hereafter promulgated, which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer and the Borrower will not be required to comply with any covenant contained herein to the extent that they obtain a Favorable Opinion of Bond Counsel with respect to such failure to comply. In the event that the Code is changed or regulations or rulings are hereafter promulgated, which impose additional requirements which are applicable to the Bonds, the Issuer and the Borrower each agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel and at the sole cost of the Borrower, to preserve the exclusion from gross income of interest on the Bonds for purposes of federal income taxation under Section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the authorized Issuer representative to execute any documents, certificates

or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(c) The Borrower covenants that the Borrower's interest in the property constituting the Project will not be sold, leased or otherwise disposed in a transaction resulting in the receipt by the Issuer and the Borrower of cash or other compensation, unless the Issuer and the Borrower obtain a Favorable Opinion of Bond Counsel with respect to such sale, lease or other disposition.

(d) The Borrower covenants to account for the expenditure of proceeds and investment earnings thereon to be used for the Project on the Borrower's books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (i) the expenditure is made, or (ii) the Project is completed. The foregoing notwithstanding, the Borrower shall not expend proceeds or investment earnings thereon more than sixty (60) days after the later of (1) the fifth (5<sup>th</sup>) anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer and the Borrower obtain a Favorable Opinion of Bond Counsel with respect to such expenditure. For purposes hereof, the Borrower shall not be obligated to comply with this covenant if it obtains a Favorable Opinion of Bond Counsel with respect to the failure to comply with such covenant.

(e) The Borrower (i) has designated the officers of the sole member of the Managing Member as the person who will contact the Issuer in the event of any "change of use" of any portion of the Project within fifteen (15) days of such change in use event, and (ii) will provide, within sixty (60) days of the applicable date, a rebate report or a letter (prepared by the Rebate Analyst or Bond Counsel) attesting that one is not required.

(f) The Borrower acknowledges that in the event of an inquiry or examination of the Bonds by the Internal Revenue Service (the "Service") to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Issuer is likely to be treated as the "taxpayer" in such examination. The Borrower agrees, upon notification by the Issuer, that the Borrower (a) will respond to any inquiries from the Service in connection with such examination; and (b) upon request of the Issuer, will reimburse the Issuer for all expenses incurred by the Issuer, including fees and expenses of counsel (and, upon request, will provide in advance a cash deposit in the amount of the reasonably anticipated expenses to be incurred by the Issuer) in connection with such examination of the Bonds by the Service, or will directly pay the costs of any such examination. The Issuer covenants that it will promptly notify the Borrower of any inquiry or examination by the Service relating to the Bonds and will cooperate with the Borrower, at the Borrower's sole expense, in connection with any such inquiry or examination. The Borrower understands and agrees that the interests of the Issuer and the Borrower in any such inquiry or examination may differ and that the existence of the inquiry or examination may be subject to public disclosure by the Issuer under the open records laws of the State of California.

#### Section 5.4. Further Assurances and Corrective Instruments.

The Issuer and the Borrower agree that they will, from time to time and to the extent within their respective power and control, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, at the sole cost of the Borrower, such supplements hereto and such

further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 5.5. Issuer and Borrower Representatives.

Whenever under the provisions of this Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an Authorized Officer of the Issuer and for the Borrower by a Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

Section 5.6. Financing Statements.

The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith. The Issuer shall have no responsibility for the filing, perfection or continuation of any security interest created hereunder or under the Indenture.

Section 5.7. Optional Prepayment.

The Note is not subject to optional prepayment during the Cash Collateralized Mode. The Note may be prepaid by the Borrower in whole or in part during the Permanent Mode pursuant to and as set forth in the Construction Loan and Permanent Loan Agreement. In order to prepay the Note, the Borrower shall give the Issuer and the Trustee written notice at least thirty (30) days prior to the prepayment date (or such shorter period as may be acceptable to the Issuer and the Trustee) to effect an optional redemption of the Bonds pursuant to Section 3.1 of the Indenture.

Section 5.8. Borrower's Obligations Upon Tender of Bonds.

If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Bond Loan Account of the Project Fund as provided in Section 3.6(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 3.6(e) of the Indenture.

Section 5.9. Option to Terminate.

The Borrower shall have the option to cancel or terminate this Agreement at any time when (a) the Indenture is released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee to meet all Loan Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed. Such option shall be exercised by the Borrower, giving the Issuer and the Trustee five (5) days' notice in writing of such cancellation or termination and such cancellation

or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Section 5.10. Sale of Bonds and Securitization.

(a) At the request of the Servicer, the Borrower shall take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bonds or participation therein or any securitization (such sale and/or securitization, the “**Securitization**”) of single or multi-class securities (the “**Securities**”) secured by or evidencing ownership interests in the Bonds. Without limiting the generality of the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager of the Project and any tenants of the Project, and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Servicer or the Rating Agency or as may be necessary or appropriate in connection with the Securitization (the items provided to the Servicer pursuant to this paragraph (a) being called the “**Provided Information**”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer and the Rating Agency;

(iii) cause counsel to render opinions as to non-consolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Servicer and the Rating Agency;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Borrower Documents as are customarily provided in securitization transactions and as may be reasonably requested by the Servicer or the Rating Agency and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Borrower Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Borrower Documents and the Organizational Documents of the Borrower as may be requested by the Servicer or the Rating Agency or otherwise to effect the Securitization.

(b) All reasonable third-party costs and expenses incurred by the Borrower solely in connection with the Borrower's complying with requests made under this Section 5.10 shall promptly be paid or caused to be paid by the Servicer. The Borrower shall not be liable for third-party costs or expenses incurred by the Servicer in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a "**Disclosure Document**") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), or provided or made available to investors or prospective investors in the Securities, the Rating Agency, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Servicer in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Servicer, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) The Borrower's liability under this Section 5.10 shall be limited to liabilities arising out of or based upon any such material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Servicer by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

## ARTICLE VI

### RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION

#### Section 6.1. Restriction on Transfer; Removal of Managing Member.

(a) Except as otherwise provided for herein and in any event during the Cash Collateralized Mode, subject to and as provided for in the Construction Loan and Permanent Loan Agreement, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest

in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(b) Except for Permitted Transfers, as defined in the Trust Indenture, no interest in the Borrower and no ownership interest in the Managing Member may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise other than the transfer of membership interests after the parties have paid all installments of the equity contribution required to be delivered to the Trustee pursuant to the Operating Agreement. The terms and provisions in the Construction Loan and Permanent Loan Agreement with respect to the foregoing in this subsection shall govern and control.

(c) Subject to the provisions of the Regulatory Agreement and notwithstanding anything contained in the subsections above and subject to subsection (l) hereof, each of the following transactions are hereby deemed to be expressly permitted hereunder:

(i) Issuance of membership interests in the Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in the Borrower to the Investor Member;

(ii) The transfer by the Investor Member of the membership interests in the Borrower to any other entity which is an Affiliate of the Investor Member or which is controlled by or under common control with the Investor Member or an Affiliate;

(iii) The transfer by the Investor Member of the membership interests in the Borrower to any other entity which is not an Affiliate of the Investor Member or which is not controlled by the Investor Member with the prior written consent of the Issuer in its sole and absolute discretion, after thirty (30) days written notice to the Issuer of the intent to transfer;

(iv) The pledge and encumbrance of the interests of the Investor Member to or for the benefit of any financial institution which enables the Investor Member to make its capital contributions to the Borrower and any subsequent realization by any such lender upon the interests of the Investor Member in the Borrower;

(v) Following the occurrence of an Event of Default or in accordance with Subparagraph (k) of this Section, the removal of the Managing Member by the Investor Member pursuant to the terms of the Operating Agreement of the Borrower and the replacement of the Managing Member with the Investor Member or an Affiliate of the Investor Member;

(vi) A change in the beneficial ownership of the Investor Member, so long as each such entity remains controlled or under common control with Enterprise Community Asset Management, Inc. or an Affiliate thereof; and

(vii) The Borrower may amend the Operating Agreement to effect the transfers and removals permitted under this paragraph (e).

Except as otherwise provided, the Borrower shall provide written notice to the Issuer and the Trustee of any transfer or amendment pursuant to this paragraph (e) at least fifteen (15) days prior to such transfer.

(d) The Borrower will not become a party to any merger or consolidation, or agree to effect any asset acquisition or stock acquisition.

(e) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(f) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(g) The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred without the prior written consent of the Issuer in its sole and absolute discretion.

(h) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(i) This Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

(i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

(ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

(iii) The assignee will assume in writing the obligations of the Borrower hereunder to the extent of the interest assigned in a form acceptable to the Issuer (the “**Assumption Agreement**”).



(iv) Prior to any such assignment, the Borrower will, furnish or cause to be furnished to the Issuer and the Trustee an executed original of the Assumption Agreement.

(j) The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and Construction Loan Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein. No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Permanent Lender, shall be made unless (a) the Permanent Lender consents to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents and Construction Loan Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Issuer and the Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and the Trustee, and (c) no Event of Default as certified in writing to the Issuer and the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Agreement. The Issuer shall consent to any such assignment or transfer if (i) the Permanent Lender notifies it in writing that the aforesaid condition (a) is satisfied, (ii) the Issuer and the Trustee receives an Opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the federal tax status of the Bonds, and (iii) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Construction Loan Documents.

Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Construction Loan Documents. The Construction Loan and Permanent Loan Agreement and the Construction Loan Documents shall govern and control the covenants and terms of this Section, including, without limitation, (a) the removal of the Managing Member of the Borrower in accordance with the Borrower Documents and Construction Loan Documents and the replacement thereof with the Investor Member or any of its Affiliates, (b) the transfer of ownership interests in the Investor Member, (c) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Member in the Borrower to the Borrower's Managing Member or any of its Affiliates, and (d) any amendment to the Borrower Documents or Construction Loan Documents to memorialize the

transfers or removal described above. The parties agree that this Section shall control to the extent of any conflict in any Borrower Documents or Construction Loan Documents.

Section 6.2. Indemnification by Borrower and Managing Member.

(a) The Borrower and the Managing Member (the “**Indemnitors**”) hereby agree to defend, indemnify and hold harmless the Issuer and the Trustee, and each of their respective board members, directors, officers, officials, employees, attorneys, representatives and agents, from and against all liabilities, obligations, suits, actions, claims, judgments, demands, damages, penalties, fines, assessments, losses, expenses, fees (including all fees of attorneys, auditors, and consultants), taxes (including rebate to the United States) but exclusive of income taxes on fees earned by the Trustee, contributions, and costs of every kind and nature (including litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) (collectively, “**Claims**”) incurred by, asserted or imposed against an Indemnified Party (hereinafter defined), the Indemnitors or any other person directly or indirectly resulting from or arising out of or relating to (but excluding such Claims arising from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee):

(i) the issuance, offering, sale, delivery or remarketing of the Bonds;

(ii) the design, construction, installation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;

(iii) the enforcement of (a) the provisions of this Agreement, the other Borrower Documents and Construction Loan Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Loan and (b) the obligations of the Borrower imposed hereby or thereby;

(iv) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Borrower Documents and Construction Loan Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(v) any breach by the Borrower of the covenants contained herein;

(vi) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, condition or occupancy of the Project or any part thereof, including any and all acts

or operations relating to any construction, operation, use, non-use, design, management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;

(vii) violation or breach of any agreement, covenant, representation, warranty or condition of this Agreement (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction) or the Note, except by the Issuer or the Trustee;

(viii) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Issuer or the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;

(ix) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located arising out of or as a result of events prior to the later of the full and final payment of the Bonds or the date of a transfer by the Borrower of all of its interests in the Project, as applicable;

(x) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened against the Project or an Indemnified Party;

(xi) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xii) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or an Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Borrower Documents and Construction Loan Documents, or the performance by the Borrower or by any Indemnified Party of their respective obligations under the Borrower Documents and Construction Loan Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Indemnified Party; and

(xiii) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, information provided by the Borrower for inclusion in the preliminary or final Official Statement or any other offering document used in connection with the sale of the Bonds, any information furnished, or required and failed to be furnished, by the Borrower in accordance with Rule 15c2-12 under the Exchange Act (if applicable), any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information

statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Borrower Documents and Construction Loan Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Borrower Documents and Construction Loan Documents.

All references to the Issuer and the Trustee in this Section shall be deemed to include all their respective past, present, and future officers, directors, members, employees, attorneys, commissioners, and agents and their permitted successors and assigns (also referred to herein as **“Indemnified Parties”**).

(b) The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Claims (but excluding such Claims arising from the gross negligence or willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee) and upon notice from such Indemnified Party, the Indemnitors shall defend them or either of them in any such action or proceeding as provided below.

(c) Any Indemnified Party, after receipt of notice of the existence of a Claim in respect of which indemnity hereunder may be sought or of the commencement of any action against an Indemnified Party in respect of which indemnity hereunder may be sought, shall notify the Indemnitors in writing of the existence of such Claim or commencement of such action. The Indemnitors shall undertake promptly to defend, at their sole cost and expense, any and all Claims against an Indemnified Party in connection with any of the matters indemnified against in this Section. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, the Indemnitors, upon receipt by either of written notice from the Indemnified Party, shall assume the investigation and defense of the Claims, including the employment of counsel selected by the Indemnitors, subject to the approval of the Indemnified Party in such party’s sole discretion. The Indemnitors shall pay all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Issuer and the Trustee, as appropriate, shall have the right to review and approve or disapprove any such compromise or settlement. If (i) an Indemnified Party determines that a potential conflict of interest exists or may arise as a result of any of the Indemnitors assuming the investigation and defense of any claims, (ii) an Indemnified Party is advised by separate counsel that there may be legal defenses available to it which are different from or additional to those available to the Indemnitors, or that a conflict exists that could affect the zealous defense of such Claims by the Indemnitors, (iii) the Indemnitors shall not have assigned the defense of such action and employed counsel therefor satisfactory to the Indemnified Party within a reasonable time after notice of commencement of such action, such Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Indemnitors shall pay the fees and expenses of such separate counsel.

(d) Notwithstanding the fact that it is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement or the Note or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, the

execution of the Indenture or the performance of any act requested of the Issuer by the Borrower, including all claims arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Indemnitors shall indemnify and hold the Issuer harmless against all such claims (but excluding such Claims arising from the gross negligence or willful misconduct of the Issuer) whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or lack of any offering statement in connection with the sale, resale or remarketing of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Borrower shall defend the Issuer in any such action or proceeding.

Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors' indemnification obligations in this Section.

The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 8.3 hereof and shall survive the termination of this Agreement.

Section 6.3. Issuer to Grant Security Interest to Trustee.

The parties hereto agree that pursuant to the Indenture, the Issuer shall assign, without recourse, to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement and the Note, except for Reserved Rights of the Issuer.

## ARTICLE VII

### DEFAULTS AND REMEDIES

Section 7.1. Defaults Defined.

The following shall be "Defaults" under this Agreement and the term "Default" shall mean, whenever it is used in this Agreement, the occurrence of any one or more of the following events and continuation thereof beyond all applicable grace or cure periods:

(a) Failure by the Borrower to pay any amount required to be paid under subsection (a) or (b) of Section 4.2 hereof when the same are due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Certificate, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60 day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of a Default under the Indenture or, if after the Conversion Date, any Permanent Loan Document.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of Force Majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such Force Majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

#### Section 7.2. Remedies on Default.

Whenever any Default referred to in Section 7.1 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, as the assignee of the Issuer's rights hereunder, in its sole discretion may take (but only with the approval of the Servicer and after Notice to the Issuer), and upon written direction of the Servicer and Notice to the Issuer shall take, or the Issuer (in the event the Trustee fails to act) may take, one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the Note, the Regulatory Agreement or any other Document in the event of default thereunder (including without limitation foreclosure of the Deed of Trust). Notwithstanding the foregoing, prior to the Conversion Date, the exclusive remedy of the Issuer and the Trustee shall be to use proceeds in the Collateral Fund to pay the Loan (if and to the extent permitted by the Indenture).

Any amounts collected pursuant to action taken under this Section (including amounts in the Collateral Fund) shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 7.3. No Remedy Exclusive.

Subject to the provisions of the Indenture and Section 7.2(b) hereof, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article and the Indenture. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses.

In the event the Borrower should default under any of the provisions of this Agreement or under the Note and the Issuer and/or Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Note, the Borrower agrees that it will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 7.4 will continue in full force and effect notwithstanding the full payment of the obligations under the Agreement or the termination of this Agreement for any reason.

Section 7.5. No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.6. Right to Cure.

Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the Lender, the Investor Member and the Special Investor Member shall have the right, but not the obligation, to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided herein to the Borrower.

## ARTICLE VIII

### MISCELLANEOUS

#### Section 8.1. Term of Agreement.

This Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that all representations and certificates of the Borrower and the Managing Member as to matters affecting the tax-exempt status of the Bonds, and the provisions of Sections 3.8, 6.2, and 7.4 shall survive termination of this Agreement.

#### Section 8.2. Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to each party's Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower, and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

#### Section 8.3. Nonrecourse Liability of Borrower.

(a) General Rule. The liability of the Borrower and the Managing Member under this Agreement during the Cash Collateralized Mode shall be limited to the Bond Loan Account of the Project Fund. During the Permanent Mode, the liability of all principal and interest due under the Note shall be only against the Project, and the rents, issues and profits thereof, and any other security for the Borrower's Obligations, and not against the Borrower, any direct or indirect member, partner, officer or director of the Borrower or the Managing Member, or any successor or assign of the Borrower, any direct or indirect member, shareholder, manager, officer or director of the Borrower or the Managing Member. The Issuer and the Trustee shall look respectively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower or the Managing Member under this Agreement shall be limited as described above and any other security including any guaranty so given for satisfaction thereof; and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the Managing Member or their respective successors, transferees or assigns, in any action or proceeding arising out of this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing herein shall limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any Trustee under this Agreement, or both, or to exercise any right against the Borrower or the Managing Member, on account of any claim for fraud and deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the Managing Member pursuant to Sections 6.2 and 8.5 hereof. Furthermore, notwithstanding anything to the contrary, the Borrower and the Managing Member shall be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (2) any amount due and



owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (3) the indemnification and the payment obligations to the Issuer under Sections 6.2, 7.4 and 8.5 hereof.

(b) No Application to Guaranty or Indemnification Obligations. Nothing in this Section 8.3 shall be deemed to limit in any way whatsoever (i) the liability of the Guarantor under the Guaranty or the Environmental Indemnity Agreement, which shall be recourse obligations of the Guarantor, or (ii) any obligation of the Borrower, the Guarantor, or the Managing Member to indemnify the Issuer, the Holders, the Servicer, any Indemnified Party (as defined herein) or the Trustee under the terms of this Agreement or any of the other Documents, including indemnification for environmental liability, each of which shall be recourse obligations of the Borrower, the Guarantor, and the Managing Member. In connection with each of the Guaranty, for any period of time in which the Guarantor or its affiliate does not have a membership interest in the Borrower, the Issuer agrees that it shall timely provide to the Guarantor notice of its intent to enforce the Guaranty or the Environmental Indemnity Agreement, as applicable, against the Guarantor pursuant to the terms thereof; provided, however, that the Issuer's failure to provide such notice to the Guarantor shall in no way impair the Issuer's exercise of any rights and remedies under the Guaranty, the Environmental Indemnity Agreement or this Agreement.

The limit on the Borrower's and the Managing Member's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under this Agreement or to alter, limit or affect the liability of any Person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Agreement.

Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Deed of Trust as a result of the Borrower's: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Issuer Documents, whether before or after a Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the Managing Member or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the Managing Member Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

The provisions of this Section shall survive the termination of this Agreement.

Section 8.4. No Pecuniary Liability of Issuer.

No agreements or provisions contained in this Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Bonds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under this Agreement upon receipt of appropriate indemnity or payment, none of the provisions of this Agreement or the Indenture will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement. Nothing in this Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in this Agreement or in the Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Bonds.

No covenant, agreement or obligation contained herein or in any other financing instrument executed in connection with the Project or the making of the Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, attorney, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, attorney, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

Section 8.5. Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders of Bonds and their respective successors and assigns.

Section 8.6. Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.7. Survival of Covenants.

All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the issuance, sale and delivery of the Bonds, the delivery of this Agreement and the payment of any amounts under the Issuer Documents.

Section 8.8. Amounts Remaining in Funds.

Subject to the provisions of the Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund, the Collateral Fund or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee and the Issuer in accordance with the Indenture, shall belong to and be paid to the Borrower by the Trustee so long as those remaining amounts do not constitute Bond Proceeds.

Section 8.9. Amendments, Changes and Modifications.

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, in accordance with the provisions of the Indenture.

Section 8.10. Execution in Counterparts; Electronic Signature.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall be treated as original signatures for all purposes hereunder. Notwithstanding anything to the contrary herein, the Trustee shall have the right to require manually signed instructions or instructions with a facsimile of such directing person's manual signature.

Section 8.11. Applicable Law.

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

Section 8.12. Captions.

The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 8.13. Use of Proceeds of the Bonds.

Notwithstanding anything contained in any of the documents executed in connection with the issuance of Bonds to the contrary, all of the proceeds of the Bonds shall, for federal income tax purposes, be (i) allocated on a pro rata basis to each building in the Project and the land on which such building is located and (ii) used exclusively to pay costs of the acquisition, construction, development and equipping of the Project which are includible in the aggregate basis of any building and the land on which the building is located ("**Eligible Costs**") in a manner such that each building satisfies the requirements of Section 42(h)(4)(B) of the Code. No more than 2% of the proceeds of the Bonds will be deemed or considered to have been used to pay any of the

costs of the issuance of Bonds. No proceeds of the Bonds will be deemed or considered to have been used to fund any reserve accounts other than the Bond Loan Account of the Project Fund to be used to pay Eligible Costs.

Section 8.14. Limitation on Liability of the Issuer.

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

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement and held by the Trustee under the Indenture.

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

Section 8.15. No Recourse of the Issuer.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or any other Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer

as such is hereby, expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Documents and the issuance of the Bonds and the delivery of other documents in connection with the Indenture and herewith.

Section 8.16. Waiver of Personal Responsibility.

No director, member, officer, agent, attorney, or employee of the Issuer shall be individually or personally liable for the payment of any principal of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Agreement. All covenants, obligations and agreements of the Issuer contained in this Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent, attorney, or employee of the Issuer or the Board of Directors of the Issuer in other than his or her official capacity, and neither the members of the Board of Directors of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Indenture.

Section 8.17. Borrower Cooperation in Volume Cap Recycling.

The Borrower agrees to provide to the Issuer at least thirty (30) days' notice of any prepayments or repayment of the Note and that it will cooperate with the Issuer and provide all reasonably requested notifications, certifications and actions necessary in connection with applying the private activity bond volume cap authority for the Bonds to another project pursuant to Section 146(i)(6) of the Code.

Section 8.18. Reference Date.

This Agreement is dated for reference purposes only as of June 1, 2023, and will not be effective and binding on the parties hereto unless and until the Closing Date occurs.

**IN WITNESS WHEREOF**, the Issuer and the Borrower have caused this Agreement to be duly executed and delivered on the day and year first above written.

**“ISSUER”  
LOS ANGELES COUNTY DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Executive Director or Designee

\_\_\_\_\_  
Print Name

Approved as to Form:

DAWYN R. HARRISON,  
County Counsel

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

(Issuer Signature page to 2111 Firestone Loan Agreement)

**BORROWER:**

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

(Borrower Signature Page to 2111 Firestone Loan Agreement)

**EXHIBIT A**  
**DESCRIPTION OF THE LAND**

[To Come]



## EXHIBIT B-1

### FORM OF PROMISSORY NOTE

#### PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

[\$[Principal Amount]

[Closing Date]

FOR VALUE RECEIVED, 2111 FIRESTONE, LP, a California limited partnership company (the “Borrower”), promises to pay to the LOS ANGELES COUNTY DEVELOPMENT AUTHORITY (the “Issuer”), or its order, the principal sum of [Principal Amount-Spelled Out] AND NO/100 (\$[Principal Amount]) (the “Loan”) or so much of that sum as may be advanced by the Issuer under the Loan Agreement of even date herewith executed between the Borrower and the Issuer (the “Loan Agreement”) with interest payable as set forth below.

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at a rate of [initial interest rate]% per annum (the “Initial Interest Rate”), and all assessments, taxes and premiums as follows:

One business day preceding each [May 1] and [November 1] of each year, beginning on the business day preceding [First Interest Payment Date] to and including the business day preceding [Initial Mandatory Tender Date] (the “Initial Mandatory Tender Date”), the Borrower shall pay to the Issuer interest on the outstanding principal balance of the Loan at the Initial Interest Rate and thereafter at the Remarketing Rate (as defined in the Indenture) for each subsequent Remarketing Period (as defined in the Indenture).

(a) The entire principal balance of the Note, plus any accrued but unpaid interest to and including the Maturity Date, shall be due and payable one business day preceding the Maturity Date.

(b) Payments made by U.S. Bank Trust Company, National Association (the “Trustee”), as trustee for the Issuer’s Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E (the “Bonds”) to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of June 1, 2023 (the “Indenture”), will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid when due and payable, the Borrower promises to pay to the Issuer a “late charge” equal to 5% of the aggregate monthly payment required by this Note.

(d) This Note is secured by the proceeds of the Bonds deposited into the Bond Fund, the Bond Loan Account of the Project Fund, and Collateral Fund created pursuant to Section 4.01 of the Indenture, and (ii) the Trust Estate (as defined in the Indenture).

(e) Upon a Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(f) As to this Note and any other documents or instruments evidencing or securing the Loan (the "Loan Documents"), the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(g) All payments due under this Note shall be made during regular business hours at the Designated Office (as defined in the Indenture) of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(h) The Borrower represents and warrants that it is a limited liability company under the laws of the State of California, and further represents and warrants that the Loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise in the State of California.

(i) Neither the Borrower nor any direct or indirect partner, member, shareholder, officer, director, employee, agent or any of their respective affiliates of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 8.3 of the Loan Agreement.

(j) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note and the Loan Agreement, exclusive of the Reserved Rights of the Issuer, to be held under the Indenture as part of the Trust Estate. Such assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

(k) This Note shall be amended and restated if and when the Conversion Date occurs in the form of note attached as Exhibit B-2 to the Loan Agreement (all as defined in the Indenture).

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any

deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

*(Signature page follows)*

**IN WITNESS WHEREOF**, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

**ASSIGNMENT**

The **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY** (the “Issuer”), hereby irrevocably assigns, without recourse, the foregoing Note (exclusive of the Reserved Rights of the Issuer) to U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), under a Trust Indenture dated as of June 1, 2023 (the “Indenture”), with the Issuer and hereby directs **2111 FIRESTONE, LP** to make all payments of principal of, and interest thereon directly to the Trustee at its Designated Office in California Springs, California, or at such other place as the Trustee may direct in writing. Such assignment is made as security for the payment of the Issuer’s \$[Principal Amount] Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E, issued pursuant to the Indenture.

“ISSUER”  
**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Executive Director or Designee

\_\_\_\_\_  
Print Name

Approved as to Form:

DAWYN R. HARRISON,  
County Counsel

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

**EXHIBIT B-2**

**FORM OF AMENDED AND RESTATED PROMISSORY NOTE**

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$ \_\_\_\_\_

Original Issue Date: [Closing Date]  
Conversion Date: \_\_\_\_\_, \_\_\_\_\_

FOR VALUE RECEIVED, 2111 FIRESTONE, LP, a California limited partnership (the "Borrower"), promises to pay to U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (the "Trustee"), as assignee of the LOS ANGELES COUNTY DEVELOPMENT AUTHORITY (the "Issuer"), or its order, the principal sum of \_\_\_\_\_ DOLLARS AND NO/100 (\$ \_\_\_\_\_) (the "Loan") or so much of that sum as may be advanced by the Issuer under the Loan Agreement of even date herewith executed between the Borrower and the Issuer (the "Loan Agreement") with interest payable as set forth below.

Borrower promises to pay to the Issuer the principal sum of this Amended & Restated Promissory Note (this "Note"), together with interest at a rate of \_\_\_% per annum (the "Permanent Rate"), and all assessments, taxes and premiums as follows:

One business day preceding the first (1st) day of each calendar month, commencing \_\_\_\_\_ 1, 20\_\_ [THE FIRST DATE OF THE FIRST MONTH FOLLOWING THE CONVERSION DATE] to and including the business day preceding [June \_\_, 2040] (the "Maturity Date"), the Borrower shall pay to the Issuer interest on the outstanding principal balance of the Loan. Interest on the Note shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(a) The entire principal balance of the Note, plus any accrued but unpaid interest to and including the Maturity Date, shall be due and payable one business day preceding the Maturity Date.

(b) Payments made by the Trustee for the Issuer's Los Angeles County Development Authority Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E issued on [Closing Date] in the original principal amount of \$[Principal Amount] (the "Bonds") to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of June 1, 2023 (the "Indenture"), will be credited against the Borrower's obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid when due and payable, the Borrower promises to

pay to the Issuer a “late charge” equal to 5% of the aggregate monthly payment required by this Note.

(d) This Note is secured by the Trust Estate (as defined in the Indenture). Additionally, to provide and secure amounts to repay the Loan during period starting on the Conversion Date and ending on the Maturity Date (the “Permanent Mode”), the Borrower has executed the Loan Agreement, a Permanent Deed of Trust and other documents executed and delivered for the purpose of securing the Loan during the Permanent Mode (all as defined in the Indenture).

(e) Upon a Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(f) As to this Note and any other documents or instruments evidencing or securing the Loan (the “Loan Documents”), the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(g) All payments due under this Note shall be made during regular business hours at the Designated Office (as defined in the Indenture) of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(h) The Borrower represents and warrants that it is a limited liability company under the laws of the State of California, and further represents and warrants that the Loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise in the State of California.

(i) Neither the Borrower nor any direct or indirect partner, member, shareholder, officer, director, employee, agent or any of their respective affiliates of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 8.3 of the Loan Agreement.

(j) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer’s right, title, and interest in and to this Note and the Loan Agreement, exclusive of the Reserved Rights of the Issuer, to be held under the Indenture as part of the Trust Estate. Such

assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

(k) This Note may be prepaid by the Borrower in whole or in part during the Permanent Mode pursuant to and as set forth in the Construction Loan and Permanent Loan Agreement (as defined in the Indenture).

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

*(Signature page follows)*



IN WITNESS WHEREOF, the Borrower has caused this Amended and Restated Promissory Note to be executed and delivered on its behalf on the date first written above.

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

**HDW – 5/1/23 Draft**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

HAWKINS DELAFIELD & WOOD LLP  
333 SOUTH GRAND AVENUE, SUITE 3650  
LOS ANGELES, CA 90071  
ATTENTION: DIANE K. QUAN, ESQ.

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,**  
as Trustee

and

**2111 FIRESTONE, LP**

Dated as of June 1, 2023

relating to

**[\$[Principal Amount]  
Los Angeles County Development Authority  
Multifamily Housing Mortgage Revenue Bonds  
(2111 Firestone) 2023 Series E**

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

**THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS** (this “Agreement” or this “Regulatory Agreement”) is made and entered into and dated as of June 1, 2023 by and among the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “LACDA”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture, dated as of June 1, 2023 (the “Indenture”), by and between the LACDA and the Trustee, and **2111 FIRESTONE, LP**, a California limited partnership (the “Borrower”).

**W I T N E S S E T H :**

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the LACDA is empowered to issue bonds to finance the acquisition, construction, rehabilitation and development of multifamily rental housing; and

WHEREAS, on June 14, 2022 (the “Inducement Date”) the Board of Commissioners of the LACDA passed a resolution (the “Inducement Resolution”) indicating the LACDA’s intent to provide for the issuance of revenue bonds or notes to finance the acquisition, construction and development of 2111 Firestone, a multifamily residential rental housing project located in the County of Los Angeles, consisting of 85 units located at 2111 Firestone Boulevard, Los Angeles, California 90002, on the site more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, on May \_\_, 2023, the Board of Commissioners of the LACDA adopted a resolution (the “Resolution”) authorizing the issuance of its revenue bonds to provide financing for the acquisition, development and construction of the Project; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the LACDA’s program of financing housing, the LACDA is issuing pursuant to the Indenture its Multifamily Housing Mortgage Revenue Bonds (2111 Firestone) 2023 Series E in the maximum principal amount of \$[Principal Amount] (the “Bonds”), the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower pursuant to the Loan Agreement dated as of June 1, 2023 (the “Loan Agreement”) by and between the LACDA and the Borrower, to provide financing for the acquisition, development and construction of the Project; and

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the below defined Regulations and rulings with respect to the Code, and in order to comply with the Act and the policies with respect to the LACDA’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the LACDA, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, development and construction of the Project and in order to ensure that the Project will be used

and operated in accordance with the Code, the Act and the additional requirements of the LACDA and the California Debt Limit Allocation Committee (“CDLAC”);

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

Section 1. Definitions and Interpretation. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture or Loan Agreement, as applicable. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

“*Act*” means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the LACDA, apply to the Bonds outstanding as of the effective date of such amendments).

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

“*Affiliated Party*” means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“*Affordable Rent*” means an annual rent for a Low Income Unit or a Very Low Income Unit, as applicable, which does not exceed thirty percent (30%) of the applicable maximum Adjusted Income for the Area of Low Income Tenants or Very Low Income Tenants, as applicable, adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons), subject to adjustment as provided in Section 6(a) hereof.

“*AHAP Contract*” means any Section 8 Project-Based Voucher Program Agreement to Enter Into A Housing Assistance Payments Contract, executed by the LACDA and the Borrower.

“*Area*” means the Los Angeles Primary Metropolitan Statistical Area.

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the LACDA and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any

authorized managing member if the successor or assignee is a limited liability company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the LACDA) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the Bonds authorized, authenticated and delivered under the Indenture.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, the LACDA or the Trustee in connection with the Bonds.

“*Bondholder*” or “*Owner*” or “*Holder*” means the party identified as the owner of the Bonds on the registration books maintained by the Trustee.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-Exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the LACDA and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Borrower*” means 2111 Firestone, LP, a California limited partnership, and its successors and assigns.

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

“*CDLAC Conditions*” has the meaning given such term in Section 30 hereof.

“*CDLAC Resolution*” means CDLAC Resolution No. 22-264 adopted on November 30, 2022, attached to this Regulatory Agreement as Exhibit G and related to the Project, as such resolution may be modified or amended from time to time.

“*Certificate of CDLAC Program Compliance*” means the Certification of Compliance II for Qualified Residential Rental Projects, or equivalent form, to be filed with the LACDA at the times specified in Section 30(a) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit E or such other form required or otherwise provided by CDLAC from time to time.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the LACDA and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the LACDA.

“*Certificate of Qualified Project Period*” means the certificate to be filed by the Borrower upon commencement of the Qualified Project Period in substantially the form attached hereto as Exhibit I.

“*Closing Date*” means the date of issuance of the Bonds.

“*Code*” means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, development and construction of the Project, as that date shall be certified as provided in Section 2(i) hereof and as specified in the Construction Completion Certificate.

“*Compliance Period*” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 30 of this Regulatory Agreement.

“*Construction Completion Certificate*” means a written certification signed by an Authorized Borrower Representative certifying among other things to the substantial completion of the Project and delivered to the LACDA, the Trustee and CDLAC not more than 30 months after the Closing Date, in substantially the form of Exhibit I hereto, or such other form required or otherwise provided by CDLAC from time to time.

“*Costs of Issuance*” means costs of issuing the Bonds as set forth in the Indenture.

“*County*” means the County of Los Angeles.

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the written opinion of Bond Counsel delivered to the LACDA, the Trustee, the Bondholders and the Borrower, is necessary or advisable to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bonds (other than interest on the Bonds for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“*Gross Income*” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under Section 8 of the Housing Act (or, if such program is terminated, under such program as in effect immediately before such termination).

“*HAP Contract*” means any Housing Assistance Payments Contract to be entered into in connection with the AHAP Contract.

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead based paint; asbestos or asbestos containing materials in any form that is or could become friable; underground or above ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

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

“*HUD*” means the United States Department of Housing and Urban Development and any successor agency.

“*Income Certification*” means, initially, an Income Certification in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the LACDA to the Borrower and, with respect to recertifications, the Annual Tenant Income Recertification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the LACDA to the Borrower.

“*Indenture*” means the Trust Indenture dated as of June 1, 2023, by and between the LACDA and the Trustee, as amended or supplemented.

“*Inducement Date*” means June 14, 2022.

“*LACDA*” means the Los Angeles County Development Authority, a public body corporate and politic, organized and existing under the laws of the State, and any successor thereto and assignee thereof.

“*Loan*” means the loan of the sale proceeds of the Bonds by the LACDA to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, development and construction of the Project.



“*Loan Agreement*” means the Loan Agreement dated as of June 1, 2023 by and between the LACDA and the Borrower, as amended and supplemented.

“*Low Income Tenant*” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be sixty percent (60%) of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

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

“*Net Proceeds*” means the total proceeds derived from the issuance, sale and delivery of the Bonds, representing the total purchase price of the Bonds, including any premium paid as part of the purchase price of the Bonds.

“*Project*” means the Project Facilities and the Project Site.

“*Project Costs*” means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and construction and equipping, the credit enhancement fees, if any, attributable to the period of the construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and developer’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, for the Project).

“*Project Facilities*” means the buildings, structures and other improvements on the Project Site to be acquired, constructed, equipped or improved by the Borrower, and all fixtures and other

property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“*Project Site*” means the parcel or parcels of real property located at 2111 Firestone Boulevard, Los Angeles, California 90002 in the County of Los Angeles, California, and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

“*Qualified Project Costs*” means the Project Costs (excluding issuance costs) incurred not earlier than the date sixty (60) days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts within the meaning of Section 1.103-8(a)(1)(i) of the Regulations; provided, however, that only such portion of the interest accrued on the Bonds during the acquisition, construction and equipping of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance, leasing commissions, costs of advertising for the Project or other costs related to the rental of units in the Project, or management fees for the management and operation of the Project. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time the proceeds of the Bonds are expended to pay such costs, the Borrower and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which ten percent (10%) of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is fifteen (15) years after the date on which fifty percent (50%) of the dwelling units in the Project are first occupied, (b) the first date on which no Tax-Exempt private activity bond (as that phrase is used in Section 142(d)(2)(A)(ii) of the Code) issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates, or (d) the date upon which the CDLAC Conditions expire pursuant to Section 30 hereof.

“*Regulations*” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Regulatory Agreement*” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

“*State*” means the State of California.

“*Subordinate Documents*” has the meaning set forth in the Loan Agreement.

“*Tax Certificate*” means the Tax Certificate dated the Closing Date executed and delivered by the LACDA and the Borrower, as amended and supplemented.

“*Tax-Exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which the Bonds are held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank Trust Company, National Association in its capacity as Trustee under the Indenture, together with its successors and assigns.

“*Very Low Income Tenant*” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be fifty percent (50%) of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Very Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Very Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

“*Very Low Income Unit*” means the units in the Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

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

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees with the LACDA and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to commence the acquisition and construction of the Project, pursuant to which the Borrower is or will be obligated to expend at least five percent (5%) of the proceeds of the Loan financed from proceeds of the Bonds.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition and construction of the Project are accurately set forth in the Borrower Cost Certificate (the "Borrower Cost Certificate") submitted to the LACDA on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six (6) months following the Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time proceeds of the Bonds are expended to pay such costs, the Borrower and the seller of such assets are not "related parties" as such term is defined in Section 1.150-1(b) of the Regulations. The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of proceeds of the Bonds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of proceeds of the Bonds will have been applied to pay or to

reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to ninety-seven percent (97%) or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-Exempt status of interest on the Bonds will not be adversely affected if less than the aforesaid percentage, but not less than ninety-five percent (95%), is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than twenty-five percent (25%) of the proceeds of the Bonds expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) No proceeds of the Bonds will be used to pay or reimburse any cost (i) incurred more than sixty (60) days prior to the Inducement Date (except as permitted under the Code), or (ii) incurred more than three (3) years prior to such payment or reimbursement. Any allocation of proceeds of the Bonds to the reimbursement of previously incurred costs shall be made not later than eighteen (18) months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than sixty (60) days prior to the Inducement Date, and as of sixty (60) days prior to the Inducement Date (A) neither the Borrower nor any related person (as such phrase is used in Section 144(a)(3) of the Code) has made any expenditure in connection with the acquisition, construction or equipping of the Project that will be reimbursed from proceeds of the Bonds (except as permitted under the Code), (B) no on-site work has been commenced by the Borrower or any related person in connection with the construction or equipping of the Project, and (C) no off site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(f) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the Indenture, the Loan Agreement, the Act or the Code.

(g) The Borrower hereby represents and warrants that the Project is located entirely within the County.

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Trustee and the LACDA, signed by the Authorized Borrower Representative. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist. The

Construction Completion Certificate shall be delivered to the Trustee no later than the date thirty (30) months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the LACDA consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bonds being included in gross income for federal income tax purposes.

(i) The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of proceeds of the Bonds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than twenty-five percent (25%) of the amount of proceeds of the Bonds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any “related person” (as such term is used in Section 144(a)(3) of the Code) on or after the date sixty (60) days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of proceeds of the Bonds expended on such Qualified Project Costs are at least ninety-seven percent (97%) of the amount of proceeds of the Bonds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the LACDA of an approving opinion of Bond Counsel, the percentage of such amounts so used may be ninety-five percent (95%).

(j) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being “arbitrage bonds” under the Code.

(k) No proceeds of the Bonds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

(l) For the greatest number of buildings the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code and the Borrower further covenants that it will not exercise any option to redeem the Bonds under the Indenture except upon the express written consent of the Investor Limited Partner; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the LACDA shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or "Event of Default" under this Agreement or the Indenture.

Section 3. Qualified Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be constructed and developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit and Very Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single-room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units (which shall not include any manager units) will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling

units in the Project, except for the following: (1) any dwelling units required to be leased or rented to Low Income Tenants or Very Low Income Tenants, except as further provided herein, (2) to the extent not otherwise inconsistent with the requirements of Section 3(e), the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the LACDA), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, and (4) any preference Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law. While the Borrower may market units to and target unit occupancy by individuals with special needs under a State program or policy that supports housing for such a specified group, the Borrower shall not deny occupancy to an applicant for a dwelling unit solely based upon such applicant's failure to be a member of such specified group.

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

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

(h) The Project shall be maintained in conformity with the habitability and fire codes of the County.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the LACDA from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

Section 4. Very Low Income Tenants and Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code and the LACDA, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or



structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within thirty (30) days after each of (i) the date on which ten percent (10%) of the dwelling units in the Project are occupied by tenants providing an Income Certification; and (ii) the date on which fifty percent (50%) of dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the LACDA and a copy to CDLAC and the Trustee a Certificate of Qualified Project Period.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least forty percent (40%) (and Very Low Income Tenants shall occupy at least ten percent (10%)) of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than forty percent (40%) of the total number of completed units of the Project (excluding units occupied by property managers) shall at all times be rented to and occupied by Low Income Tenants, provided that Very Low Income Tenants shall rent and occupy at least ten percent (10%) of the completed units of the Project. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant or a Very Low Income Tenant is treated as rented and occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, until reoccupied, other than for a temporary period of not more than thirty-one (31) days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant or a Very Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable; provided, however, that should a Low Income Tenant's or a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant or a Very Low Income Tenant, as applicable; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant or a Very Low Income Tenant, the former Low Income Tenant or Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant for purposes of the forty percent (40%) or ten percent (10%) requirement, as applicable, of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building by building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant or Very Low Income Tenant, as applicable, including (i) an Income Certification dated no later than the day prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant, as applicable, in the Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of

each initial Income Certification. The Borrower will obtain such additional information as may be required in the future by the State, by the LACDA and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-Exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants or Very Low Income Tenants, as applicable, commencing or continuing occupation of a Low Income Unit or a Very Low Income Unit, as applicable (and not previously filed with the LACDA), shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the LACDA no later than the fifteenth (15<sup>th</sup>) day of each month (or such other period as specified in writing by the LACDA) until such report indicates compliance with Section 4(b) and thereafter the fifteenth (15<sup>th</sup>) day of each June and December (or such other period as specified in writing by the LACDA) until the end of the Qualified Project Period. The Borrower shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the LACDA shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the LACDA.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units and the Very Low Income Units, and will with reasonable advance notice permit any duly authorized representative of the LACDA, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units and the Very Low Income Units.

(f) The Borrower will prepare and submit to the LACDA and the Trustee, no later than the fifteenth (15<sup>th</sup>) day of each month (or such other period as specified in writing by the LACDA) following the receipt by the Trustee of the Construction Completion Certificate to and including the month in which such report indicates that forty percent (40%) of the occupied units (excluding units occupied by managers) are occupied by Low Income Tenants and ten percent (10%) of the occupied units (excluding units occupied by managers) are occupied by Very Low Income Tenants, and thereafter no later than the fifteenth day of each June and December (or such other period specified in writing by the LACDA) until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Low Income Tenants or Very Low Income Tenants, respectively, during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of

Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the LACDA a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will, on behalf of the LACDA, submit such completed form to the Secretary of the Treasury, regardless of whether or not the LACDA has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit or a Very Low Income Unit, as applicable, shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant or the Very Low Income Tenant, as applicable, in determining qualification for occupancy of the Low Income Unit or the Very Low Income Unit, as applicable, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, of the same family size, such tenant may cease to qualify as a Low Income Tenant or Very Low Income Tenant, as applicable, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof. All leases pertaining to Low Income Units or Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or a Very Low Income Unit, as applicable: (i) certifies the accuracy of the statements made in the verification of income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee or the LACDA, and that the failure to provide accurate information in the verification of income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant.

Section 5. Tax-Exempt Status of the Bonds. The Borrower and the LACDA make the following representations, warranties and agreements for the benefit of the holder of the Bonds from time to time:

(a) The Borrower and the LACDA will not, as is appropriate, knowingly take or permit actions within their control, or omit to take or cause to be taken any action, that would adversely affect the Tax-Exempt nature of the interest on the Bonds, and should

either the Borrower or the LACDA take or permit, or omit to take or cause to be taken, any action contrary to the foregoing clause, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bonds becomes taxable to a person solely because such person is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code.

(b) The Borrower and the LACDA will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the LACDA, the Bondholders Representative and the Trustee, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-Exempt under Section 142(d) of the Code.

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

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee’s compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bonds in an amount related to the amount of the Loan.

**Section 6. Additional Requirements of the Act.** In addition to the requirements set forth in Sections 2 through 5 hereof, and without limiting any additional requirements in Section 7 hereof, during the Qualified Project Period, the Borrower and the LACDA hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) Not less than forty percent (40%) of the total number of units in the Project (excluding units occupied by managers) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed sixty percent (60%) of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act. Not less than ten percent (10%) of the total number of units in the Project (excluding units occupied by managers) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed fifty percent (50%) of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying thirty percent (30%) times fifty percent (50%) for Very Low Income Tenants, and thirty percent (30%) times sixty percent (60%) for Low Income Tenants of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(c) During the Qualified Project Period the Borrower shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the LACDA to file any annual report required by the Act or pursuant to California Government Code Section 8855.5 and, no later than January 1 of each calendar year, the Borrower shall provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to LACDA, any annual report information required by California Government Code Section 8855(k)(1) until the later of the date the Bonds are no longer outstanding or the proceeds of the Bonds have been fully spent.

(d) No portion of the Bonds shall be used to finance the acquisition, construction, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the Housing Act that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds one-hundred forty percent (140%) of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for “good cause.” “Good cause” for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three (3) years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants and Very Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants and Very Low Income Tenants.

(h) The rental payments for the Low Income Units and the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed Affordable Rents. The LACDA shall, from time to time, revise the maximum rental limits applicable to the Low Income Units and the Very Low Income Units, by a percentage equal to any percentage change in median income for the Area. Until such time as the LACDA mails a notice of such change, the previously existing charges shall apply. Upon receipt of new rental limit schedules, the Borrower may increase the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that no Low Income Tenant or Very Low Income Tenant shall have a rent increase sooner than one year after initial occupancy, and provided, further, no Low Income Tenant or Very Low Income Tenant shall have an annual rent increase in excess of the percentage increase as determined by HUD in the Area median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year to year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

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

(j) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant’s Gross Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable. However, should the Gross

Income of a tenant residing in a reserved unit increase to exceed one-hundred forty percent (140%) of the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirements of Sections 4(b) and 7(a) hereof. Until such next available unit is rented to a qualified tenant, the former Low Income Tenant or Very Low Income Tenant, as applicable, who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant, as applicable, for purposes of the requirements of Sections 4(b) and 7(a) hereof.

(k) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

Section 7. Additional Requirements of the LACDA. In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of the LACDA, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) The Borrower shall promptly provide to the LACDA such information with respect to the Project or the Bonds as the LACDA shall from time to time request. The Borrower shall provide written notice to the LACDA of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units and the Very Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants and Very Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, gender identity/expression, transgender status, disability (except to give priority to persons with disabilities for the occupancy of Accessible Housing Units and to seniors in compliance with applicable State and federal Fair Housing laws), marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(d) Not less than forty percent (40%) of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Low Income

Units and not less than ten percent (10%) of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Very Low Income Units.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and as applicable, 51.3 of the California Civil Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants or Very Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant or a Very Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant or a Very Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of the lessee's tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the LACDA; and that the lessee's failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee's tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the LACDA, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five (5) years thereafter with respect to each Low Income Tenant or Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the LACDA (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the LACDA, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State, including, without limitation, information necessary for the LACDA to file any periodic report, or any other information concerning the Project as the LACDA may reasonably request.



(j) The LACDA may, at its option and at its expense, at any time appoint an administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the LACDA to deliver to such administrator, in addition to or instead of the LACDA, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such administrator as an agent of the LACDA.

(k) If upon the annual certification or recertification required in Section 4(d) hereof a tenant's Adjusted Income exceeds one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, of the same family size, all rental limits herein previously applicable to the unit occupied by such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant or a Very Low Income Tenant, as applicable.

(l) The Borrower shall give written notice to Low Income Tenants and Very Low Income Tenants at the following five points in time:

(i) Upon initial move-in/lease execution, the Borrower shall give written notice to all tenants of Low Income Units and Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. The Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (a) the Qualified Project Period; or (b) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Thirty-six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development. In addition, the Borrower, within 36 months of a scheduled expiration of rental restrictions, shall also provide notice of the scheduled expiration of rent restrictions to any prospective tenant at the time he or she is interviewed for eligibility.

(iii) Twelve (12) months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and the Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government

Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(iv) Six (6) months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(v) Ninety (90) days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

Unless the Borrower meets the requirements of California Government Code Section 65863.13, pursuant to California Government Code Section 65863.11, prior or concurrent with the twelve month notice referred to above in clause (iii), the Borrower must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities on the list maintained by the California Department of Housing and Community Development as well as to those qualified entities that contact the Borrower directly. The notice shall conform to the requirements of California Government Code Section 65863.11(h) and shall be sent to the entities by registered or certified mail, return receipt requested. The Borrower shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(m) The Borrower shall pay to the LACDA its initial fee on the Closing Date and thereafter pay to the LACDA its ongoing fees with respect to the issuance of the Bonds as follows. The Borrower shall pay the LACDA an initial fee immediately upon issuance of the Bonds equal to twenty-five (25) basis points of the original principal amount of the Bonds. In addition, the Borrower shall, as compensation for the LACDA's monitoring of the provisions of this Regulatory Agreement, pay to the LACDA, annually in advance, (i) on the anniversary of the Closing Date for the period from the date of issuance of the Bonds through the Maturity Date, an annual amount equal to 0.125% of the original principal amount of the Bonds and (ii) from the Maturity Date through the later of (i) the end of the Qualified Project Period or (ii) the termination of the CDLAC Conditions, an annual amount equal to the greater of 0.125% of the outstanding principal amount of the Bonds as of the Maturity Date or \$6,000, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bonds from gross income for federal income tax purposes. Throughout the term of this Agreement, the LACDA or the Trustee, as applicable, shall provide an invoice to the Borrower at least thirty (30) days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the LACDA) and shall collect such payments from the Borrower and immediately remit such funds to the LACDA. In the event of any prepayment of the Bonds in whole, prior to the end of the Qualified Project Period, the Borrower, at its election, shall either (A) pay to the LACDA, on or before such payment, an amount equal to the present

value of the remaining LACDA fees payable hereunder, as calculated by the LACDA, using a discount rate equal to the yield on the date of prepayment on the United States treasury security maturing on the date nearest the later of (1) the end of the Qualified Project Period or (2) the termination of the CDLAC Conditions, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bonds from gross income for federal income tax purposes; or (B) pay directly to the LACDA on an annual basis, in advance on the anniversary of the Closing Date, the annual fee described above. The Borrower shall not be required to pay the fee described in the preceding sentence if the Bonds are prepaid in whole under circumstances which result in termination of this Regulatory Agreement pursuant to Section 14 hereof. The Borrower shall also pay to the LACDA, thirty (30) days after receipt of request for payment thereof from the LACDA, all reasonable out-of-pocket expenses of the LACDA (not including salaries and wages of LACDA employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bonds, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bonds yield) the LACDA's fees, unless such prepayment is made in connection with a refunding of the Bonds. Notwithstanding any prepayment of the Loan, the Borrower shall continue to pay to the LACDA all fees, losses and expenses required under the Loan Agreement and the Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(n) The Borrower shall pay to the LACDA any expenses incurred by the LACDA, including, without limitation, Bond Counsel, County Counsel and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the LACDA with respect to the Project, the Project Site or the Bonds. The LACDA shall provide an invoice directly to the Borrower for such amounts.

(o) The Borrower shall pay the LACDA its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the LACDA, together with any expenses incurred by the LACDA and its counsel and financial advisor in connection therewith.

(p) The Trustee shall report to the LACDA in writing semiannually, within ten (10) days of each June 30 and December 31, the principal amount of the Bonds outstanding as of such June 30 or December 31, as appropriate.

(q) The Borrower shall include the LACDA as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(r) The Borrower shall submit to the LACDA, (i) not later than the thirtieth (30<sup>th</sup>) day after the close of each calendar year, a statistical report in the form set forth as

Exhibit F hereto, or such other form as may be prescribed by the LACDA, setting forth the information called for therein, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the LACDA in order to comply with reporting requirements of the Internal Revenue Service or the State. The Borrower shall not rent any Low Income Unit or Very Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of (A) spouses, (B) children, (C) parents and grandparents, (D) siblings, (E) in-laws, including brother/sister-in-law and mother/father-in-law and son/daughter-in-law, or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bonds or other loan in support of the Project, unless such person otherwise qualifies for tenancy under this Agreement and such tenancy is approved in writing by the LACDA.

(s) The Borrower acknowledges that the LACDA may appoint an administrator other than the LACDA (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the LACDA to deliver to any such administrator, in addition to or instead of the LACDA, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the administrator as an agent of the LACDA. The Borrower shall include a certification in each tenant application that the applicant is not an Owner/Developer, an elected official who participated in the issuance of the Bonds or an Immediate Family Member thereof.

(t) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the LACDA, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the LACDA. Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or online media, post any sign or in any other way identify the LACDA as the source of the financing provided for the Project, without the prior written approval of the LACDA (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the LACDA as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

(u) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower. Notwithstanding any of the foregoing, the Borrower shall comply with the provisions of the LACDA's Multi Family Bond Policies and Procedures, including those set forth in Exhibit H.

Any of the foregoing requirements of the LACDA may be expressly waived by the LACDA in writing in the LACDA's sole discretion, but (i) no waiver by the LACDA of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the LACDA has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the LACDA and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act.

Section 8. Modification of Covenants. The Borrower, the Trustee and the LACDA hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the LACDA, the Trustee and the Borrower (with a copy to the Bondholders), impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-Exempt status of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the LACDA, the Trustee and the Borrower (with a copy to the Bondholders), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the LACDA, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-Exempt status of interest on the Bonds. The LACDA shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the LACDA, whether or not required by California or federal law.

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

writing by the LACDA, the Trustee shall take no action under this subsection (c) without first notifying the LACDA and without first providing the LACDA an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the LACDA.

Section 9. Indemnification. The Borrower shall defend, indemnify and hold harmless the LACDA, the County and the Trustee and the respective staff, officers, members, supervisors, commissioners, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), regardless of whether the Borrower is negligent, directly or indirectly resulting from or arising out of or related to (a) the development, design, construction, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Borrower, the Project or the Bonds made or given to the LACDA or the Trustee, or any underwriters or purchaser of the Bonds, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or limited partnership affairs, (c) the Bonds or the Tax-Exempt status of interest on the Bonds, (d) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not Borrower knew of the same) and any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof, (e) this Regulatory Agreement, the Indenture, the Loan Agreement, the Subordinate Documents, the AHAP Contract, the HAP Contract and any of the related documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance or transfer of the Bonds, (f) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof, (g) the defeasance and/or redemption, in whole or in part, of the Bonds, (h) any Determination of Taxability and any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds are taxable, for federal tax purposes, (i) any finder’s fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby, (j) the issuance of any set aside letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower’s own cost and with counsel approved by the Indemnified Party, unless the Indemnified Party elects to conduct its own defense at the expense of Borrower, (k) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof, (l) any lien or charge upon payments by the Borrower to the LACDA, or any taxes (including, without

limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the LACDA in respect of any portion of the Project, (m) the defeasance and/or redemption, in whole or in part, of the Bonds and (n) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading; provided, however, that this provision shall not require the Borrower to indemnify an Indemnified Party from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct of such Indemnified Party or, in the case of indemnification of the Trustee, the negligence of the Trustee.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the LACDA, the County and the respective staff, officers, members, supervisors, commissioners, directors, officials and employees, attorneys and agents and the Trustee from (i) any lien or charge upon payments by the Borrower to the LACDA and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. Except in the case of the foregoing indemnification of the LACDA or any of its officers, members, supervisors, commissioners, directors, officials, employees, attorneys and agents, the indemnification under this Section 9 is limited to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the LACDA, it makes a reasonable judgment that a competent attorney has not been appointed.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the LACDA has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The provisions of this Section 9 shall survive the term of the Bonds and this Regulatory Agreement or the resignation of the Trustee.

Section 10. Consideration. The LACDA has agreed to issue the Bonds to provide funds to finance the acquisition, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and equip the Project. In consideration of the issuance of the Bonds by the LACDA, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The LACDA and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds and in the exclusion from federal income taxation and California personal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the LACDA and the Trustee may rely upon statements and certificates of the Low Income Tenants and the Very Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the LACDA and the Trustee may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the LACDA or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the LACDA with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Project in the County. The Borrower hereby represents and warrants that the Project will be located entirely within the County.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to (i) directly or indirectly, by operation of law, voluntarily or involuntarily, sell, gift, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Bond Documents without the prior written approval of the LACDA, which approval the LACDA may withhold in its sole and absolute discretion.

At any time the Borrower desires to effect a Transfer hereunder, the Borrower shall notify the LACDA in writing (a "Transfer Notice") and shall submit to the LACDA for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by the Borrower and the proposed transferee to the LACDA sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the "Transfer Documents"). No Transfer Documents for the Transfer of the Project shall be approved by the LACDA unless they expressly provide for the assumption by the proposed transferee of all of the Borrower's obligations under the Bond Documents. The Transfer Notice shall include a request that the LACDA consent to the proposed Transfer. The LACDA agrees to make its decision on the Borrower's request for consent to such Transfer promptly and use reasonable efforts to respond not later than thirty (30) days after the LACDA receives the last of



the items required by this Section 13. In the event the LACDA consents to a proposed Transfer, then such Transfer shall not be effective unless and until the LACDA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by the Borrower to the LACDA.

Except as expressly provided in this Section 13, in connection with any Transfer of the Project hereunder, the purchaser or assignee shall also (i) deliver to the LACDA of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (ii) deliver to the LACDA an opinion of Bond Counsel addressed to the LACDA to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; and (iii) pay to the LACDA and the Trustee all fees and/or expenses then-currently due and payable to the LACDA and the Trustee (together with the Transfer Documents, the "Transfer Deliveries").

Notwithstanding anything in this Regulatory Agreement to the contrary, the Borrower agrees that it shall not be permitted to make any Transfer, whether or not the LACDA's consent is required and even if the LACDA has consented thereto, if there exists an Event of Default under the Loan Agreement or any other Loan Document at the time the Transfer Notice is tendered to the LACDA or at any time thereafter until such Event of Default has been cured.

Except as expressly provided in this Section 13, the provisions of this Section 13 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to the Borrower under the terms set forth herein.

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code ("LIHTCs"), the LACDA hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in the Borrower to an equity investor and subsequent transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from the Borrower to its general partner(s), which may involve the sale of the Borrower's interest in the Project and/or the Transfer of greater than forty-nine percent (49%) of its ownership and/or control; (iii) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner shall be approved by the LACDA, which approval shall not be unreasonably withheld; and (iv) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner is the Investor Limited Partner of the Borrower or an affiliate thereof. Notwithstanding the above, the Borrower shall notify the LACDA that the Borrower intends to pursue such transfers of partnership interest at least thirty (30) days before the scheduled date of such transfers and shall comply with the provisions of the second paragraph of this Section 13; further, if the general partner is being replaced, the Borrower shall provide evidence acceptable to the LACDA with regard to such successor general partner's financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the LACDA. In addition, if the general partner of the Borrower is removed and replaced pursuant to clause (iv) above, then the Investor Limited Partner must (a) notify the

LACDA that they have taken such action when they take such action; (b) provide the LACDA with copies of all amendments to the Partnership Agreement; and (c) provide a certification from the new general partner stating that it is the Investor Limited Partner or an affiliate of the Investor Limited Partner and describe the affiliation, and also state that the general partner is assuming all obligations and responsibilities of the removed general partner under the Bond Documents, if any, from and after the substitution of the general partner.

The Borrower shall use its best efforts to provide the LACDA concurrently with the closing of any Transfer (but in no event later than thirty (30) days after the closing of such Transfer) copies of all documents pertaining to the transaction, including any amendments to the organizational documents of the Borrower or any constituent partners or members.

Nothing in this Section 13 shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Borrower, including, but not limited to, any consent of the Trustee or the Bondholders required under the Indenture or any other Bond Documents.

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the LACDA nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby [the senior-most lienholder,] the Bondholders or a designee or third party purchaser becomes the Borrower of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the [senior-most lienholder,] the Bondholders, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Bond Documents. However, if the Trustee or the Bondholders acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the LACDA, which shall (i) be subject to then-current LACDA policies and procedures and (ii) not be unnecessarily withheld, conditioned or delayed, and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or the Bondholders' acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the other Bond Documents to which the Borrower is a party.

For the Qualified Project Period, the Borrower shall not (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bonds; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement relating to a commercial

operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Bond Documents and except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

Notwithstanding the foregoing, if the [senior-most lienholder or the] Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the LACDA shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied, subject to the provisions of Section 14 below. However, if the [senior-most lienholder or the] Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the LACDA, which shall (i) be subject to then-current LACDA policies and procedures and (ii) not be unnecessarily withheld, conditioned or delayed, and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee's acquisition of the Project by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the interest of the Borrower's limited partner shall be transferable under this Regulatory Agreement to any affiliate of the limited partners of the Borrower, without the consent of the LACDA and/or Trustee but with prior written notice thereto.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, in the manner and to the extent as may at the time be required by CDLAC, among other parties, may be required in connection with any transfer of the Project.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or such later date provided in Section 30 hereof pursuant to the CDLAC Resolution, which imposes restrictions for a term of at least fifty-five (55) years), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the LACDA, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal

law or an action of a federal agency after the Closing Date which prevents the LACDA or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bonds attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the LACDA) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any "related party" (within the meaning of Section 1.150-1(b) of the Regulations) or "related person" (defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related party as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 15. Covenants to Run with the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The LACDA and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The LACDA and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 16. Burden and Benefit. The LACDA and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The LACDA and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of

the Project by Low Income Tenants and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

Section 17. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 18. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by the LACDA to the Borrower, then the LACDA shall declare an “Event of Default” to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within sixty (60) days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said sixty (60) days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within sixty (60) days will not adversely affect the Tax-Exempt status of interest on the Bonds. The Trustee hereby consents to any correction of the default by the LACDA on behalf of the Borrower. The LACDA hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower’s limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower’s limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the LACDA and subject to the provisions of the Indenture relative to the Trustee’s duty to exercise remedies generally, or the LACDA may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the LACDA or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

During the Qualified Project Period, the Borrower hereby grants to the LACDA the option, upon either (a) the expiration of sixty (60) days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower’s default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit or a Very Low Income Unit, as applicable, for more than six (6) months and the submission by the LACDA to the Borrower during such six month or longer period of at least five proposed tenants which meet the qualifications of Low

Income Tenants or Very Low Income Tenants, as applicable, and the qualifications of a reasonable landlord, to lease up to forty percent (40%) of the units with respect to Low Income Units and ten percent (10%) with respect to Very Low Income Units in the Project (other than one unit set aside for managerial or administrative use) for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants or Very Low Income Tenants, as applicable, for a period of not less than six (6) months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units or Very Low Income Units, as applicable. The option granted in the preceding sentence shall be effective only if the Borrower or the Trustee has not instituted corrective action before the end of such 60 day period referenced in (a) above, or the Borrower has not rented the unit during the six month or longer period referenced in (b) above, to a qualified Low Income Tenant or Very Low Income Tenant, as applicable. The option and any leases to the LACDA under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the LACDA, of compliance with the requirements of Sections 2 through 7 hereof, and any subleases entered into pursuant to the LACDA's option shall be deemed to be leases from the Borrower. The LACDA shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants and Very Low Income Units to Very Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the LACDA has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Trustee for credit against payments due under the Loan Agreement. The Trustee shall have the right, as directed by the LACDA, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the LACDA hereunder, provided that prior to taking any such action the Trustee shall give the LACDA written notice of its intended action. All reasonable fees, costs and expenses of the LACDA and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower. Except for rentals paid to the Trustee as required above, and subject to the Mortgage, all rents received by the LACDA from such subleases, less the LACDA's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the LACDA for the benefit of the Borrower. The LACDA agrees to allow the Borrower access to the LACDA's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses (including reasonable attorneys' fees) of the Trustee and the LACDA incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

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

After the Indenture has been discharged, the LACDA may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the LACDA may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

Section 19. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The LACDA shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the LACDA, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bonds remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the LACDA.

Section 20. Recording and Filing.

(a) The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County and in such other places as the LACDA or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor grantee index to the name of the Borrower as grantor and the LACDA as grantee.

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

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





with a copy to: Key Community Development Corporation  
Mailcode: OH-01-27-0761  
127 Public Square, 7th Floor  
Cleveland, Ohio 44114  
Attention: Asset Management  
Email: Becca\_Ickowicz@keybank.com

with a copy to: Barns & Thornburg LLP  
41 South High St., Suite 3300  
Columbus, OH 43215  
Attention: Katrina Thompson  
Telephone: (614) 628-1459  
Email: Katrina.Thompson@btlaw.com

If to the Trustee: U.S. Bank Trust Company, National Association  
633 West 5th Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust  
LACDA MF (2111 Firestone) 2023 Series E  
Telephone: (213) 615 6032  
Facsimile: (213) 615 6199

If to CDLAC: California Debt Limit Allocation Committee  
915 Capitol Mall, Room 311  
Sacramento, CA 95814  
Attention: Executive Director

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

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

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State, and the County; provided that the Borrower may give priority in the rental of units to persons with disabilities for the occupancy of Accessible Housing Units and to seniors in compliance with applicable State and federal Fair Housing laws. The Trustee and the Borrower shall not discriminate in their employment practices against any employee or applicant for employment; denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

Section 27. Financial Obligations Personal to Borrower. The LACDA acknowledges that the Project shall be encumbered by the Bond Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the LACDA shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership.

Section 28. Americans with Disabilities Act. Each of the Borrower and the Trustee hereby certifies that it and any contractor and subcontractor will comply with the Americans with Disabilities Act 42 U.S.C. Section 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Each of the Borrower and the Trustee and any contractor or subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against

persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 29. No Limitation on Borrower's Liability. The Borrower's liability hereunder shall not be limited in the case of the following:

- (a) a willful breach by the Borrower of the provisions of the Bond Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;
- (b) any liability, damage, cost or expense incurred by the LACDA or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and
- (c) any failure by the Borrower to comply with Section 9 or Section 13 of this Regulatory Agreement.

In addition, each individual, other than any representative of the LACDA, signing this Agreement, or any other Bond Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Bond Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

Section 30. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of the CDLAC set forth in this Section 30, as follows:

- (a) The Borrower shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and is attached hereto as Exhibit G. Notwithstanding anything to the contrary herein, the provisions of this Section 30 shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.
- (b) The Borrower acknowledges that the LACDA shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower will cooperate fully with the LACDA in connection with such monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions are the responsibility of the Borrower to report to the LACDA.
  - (i) The Borrower shall prepare and deliver a Certificate of CDLAC Program Compliance pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the LACDA not later than January 15 of each year, and the LACDA will submit to CDLAC not

later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three (3) year period) until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, executed by an Authorized Borrower Representative.

(ii) The Borrower shall prepare and deliver a Self-Certification Certificate pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the LACDA, not later than January 15 of each year, and the LACDA will submit to CDLAC, not later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Construction Completion Certificate, and on March 1 every three (3) years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Self-Certification Certificate in the form provided by CDLAC.

(iii) Within thirty (30) days following the completion of the Project, the Borrower will prepare and submit to the LACDA, the Trustee and CDLAC, a Construction Completion Certificate. Following the submission of the Construction Completion Certificate, the Borrower will prepare and submit to the LACDA, not later than January 15 every three (3) years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time.

(c) Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date fifty-five (55) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or such later date as the Qualified Project Period shall begin, as required by the CDLAC Conditions.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the issuer of the Bonds, (iii) any change in the name of the Project or the Project manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement; or (v) termination of this Regulatory Agreement.

(e) Any of the foregoing requirements of CDLAC contained in this Section 30 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 30 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the LACDA has received an opinion of Bond Counsel that any such provision is not required by the Code, the Act and the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 30 shall be void and of no force and effect if the LACDA and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with

any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Code, the Act, or any other state or federal law.

(f) CDLAC is intended to be and is a third party beneficiary of this Regulatory Agreement, and CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the LACDA and/or the Trustee or to cause the LACDA or the Trustee to enforce, the provisions of Section 30(d) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholders and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

(g) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Bondholders, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of Los Angeles County, California, of a regulatory agreement between the Borrower and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be in accordance with Section 3 of the CDLAC Resolution limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Borrower and approved by CDLAC. The LACDA may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

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

LOS ANGELES COUNTY  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Executive Director or Designee

\_\_\_\_\_  
Print Name

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Name: Cynthia Cerda  
Title: Vice President

[Signature Page to 2111 Firestone  
Regulatory Agreement]

**BORROWER:**

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

[Signature Page to 2111 Firestone  
Regulatory Agreement]

**NOTARY ACKNOWLEDGMENT STATEMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_, before me, \_\_\_\_\_,

(here insert name and title of the officer), personally appeared

\_\_\_\_\_ (name(s) of

signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)

is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the

same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the

instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the

instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]



**NOTARY ACKNOWLEDGMENT STATEMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(here insert name and title of the officer), personally appeared \_\_\_\_\_ (name(s) of

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

**NOTARY ACKNOWLEDGMENT STATEMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(here insert name and title of the officer), personally appeared \_\_\_\_\_ (name(s) of

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

**EXHIBIT A**

**DESCRIPTION OF PROJECT SITE**

[To Come]

Street Address of Property

2111 Firestone Boulevard, Los Angeles, California 90002

**EXHIBIT B**

**FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

FOR THE [PERIOD] ENDING \_\_\_\_\_

Los Angeles County Development Authority  
Multifamily Housing Mortgage Revenue Bonds  
(2111 Firestone)  
2023 Series E

The undersigned, being the Authorized Borrower Representative of 2111 Firestone, LP, a California limited partnership (the “Borrower”), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower’s participation in the multifamily housing program of the Los Angeles County Development Authority (together with any assigns or successors thereto, the “LACDA”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 2023 (the “Regulatory Agreement”), among the Borrower, the LACDA and U.S. Bank Trust Company, National Association, as Trustee relative to the multifamily housing project located at 2111 Firestone Boulevard, Los Angeles, California 90002 in the County of Los Angeles, California (the “Project”), known as 2111 Firestone.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants and Very Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant or a Very Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants or Very Low Income Tenants:	_____ % Unit Nos. _____ and size
--	--

Occupied by Low Income Tenants:	_____ % Unit Nos. _____ and size
---------------------------------	--

Occupied by Very Low Income Tenants:	_____ % Unit Nos. _____ and size
--------------------------------------	--

Held vacant for occupancy continuously since last occupied by Low Income Tenants:	_____ % Unit Nos. _____ and size
---	--

Held vacant for occupancy continuously since last occupied by Very Low Income Tenants:	_____ %
--	---------

Unit Nos. \_\_\_\_\_ and  
size

Vacant Units:

\_\_\_\_\_%

Low Income Tenants who commenced  
Occupancy of units during the  
Preceding [month/quarter]:

Unit Nos. \_\_\_\_

Very Low Income Tenants who commenced  
Occupancy of units during the  
Preceding [month/quarter]:

Unit Nos. \_\_\_\_

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet of each unit. It also indicates which units are occupied by Low Income Tenants and Very Low Income Tenants and which units became Low Income Units and Very Low Income Units during the preceding [period]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [period] and of the Borrower's performance under the Regulatory Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

[Remainder of page left blank]

BORROWER:

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

[Signature Page to 2111 Firestone Certificate of Continuing Program Compliance]

**EXHIBIT C**

**FORM OF INCOME CERTIFICATION**

[or such other form as shall be provided by the LACDA]

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

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: 2111 Firestone  
2111 Firestone Boulevard, Los Angeles, California 90002

The undersigned hereby (certify) (certifies) that:

1. This Income Certification is being delivered in connection with the undersigned’s application for occupancy of Apartment #\_\_\_\_\_ in 2111 Firestone, located at 2111 Firestone Boulevard, Los Angeles, California 90002, in the County of Los Angeles, in the County of Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	<b>Occupant</b>	<b>Relationship</b>	<b>Age</b>	<b>Student (Yes or No)</b>	<b>Social Security Number</b>
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant:

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.





allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

Occupant	Anticipated Annual Income	Source of Income or Employer
(a) _____ _____	\$ _____	_____
(b) _____ _____	\$ _____	_____
(c) _____ _____	\$ _____	_____

(d)	_____	\$ _____	_____
	_____		
(e)	_____	\$ _____	_____
	_____		
(f)	_____	\$ _____	_____
	_____		
	<u>TOTAL</u>	\$ <u>_____</u>	_____

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

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

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

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

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

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

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of \$ \_\_\_\_\_; and

(ii) state:

(A) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent:

\$ \_\_\_\_\_

(B) the amount of such income, if any, that was included in Item 4 above:

\$ \_\_\_\_\_

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase thirty (30) days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five (5) days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ \_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ \_\_\_\_\_
- (c) Subtract (b) from (a) \$ \_\_\_\_\_
- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.  
Passbook rate \_\_\_\_\_% X \_\_\_\_\_ = \$ \_\_\_\_\_
- (e) Enter the greater of (b) or (d) \$ \_\_\_\_\_
- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ \_\_\_\_\_

13. The amount entered in 12(f):

- (a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).
- (b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income Tenant(s).
- (c) \_\_\_\_\_ Qualifies the applicant(s) as a Very Low Income Tenant(s).
- (d) \_\_\_\_\_ Does not qualify the applicant(s) as Very Low Income Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

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

16. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Social Security Administration verification

\_\_\_\_\_ Department of Social Services verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other (\_\_\_\_\_)

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date \_\_\_\_\_

Signature of Authorized Borrower Representative:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five (5) days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower Representative:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Remainder of page intentionally left blank]

**INCOME VERIFICATION**  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of bonds by the Los Angeles County Development Authority for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages        \_\_\_\_\_  
Overtime            \_\_\_\_\_  
Bonuses             \_\_\_\_\_  
Commissions        \_\_\_\_\_  
Total Current Income    \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I hereby grant you permission to disclose my income to \_\_\_\_\_,  
in order that they may determine my income eligibility for rental of an apartment located in their  
project which has been financed by an issuance of bonds by the Los Angeles County Development  
Authority.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income verification signature page]



**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

**EXHIBIT D**

**FORM OF ANNUAL TENANT INCOME RECERTIFICATION**

Project name: 2111 Firestone

Apartment # \_\_\_\_\_ Date of Original Certification \_\_\_\_\_

Resident name \_\_\_\_\_

**TO THE RESIDENT:**

*This form is a continuation of the Los Angeles County Development Authority (the "LACDA") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the LACDA to maintain this information in order to maintain the Program.*

**Household Composition:**

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	<b>NAME</b>	<b>SS#</b>	<b>AGE</b>	<b>ANTICIPATED ANNUAL INCOME*</b>	<b>OCCUPATION/STUDENT</b>
1)					
2)					
3)					
4)					
5)					
6)					
7)					

**\*SEE INCOME DEFINITION ATTACHED TO THIS FORM.**

**DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? \_\_\_\_\_**

If so, please describe and list amount and annual income expected to be derived from such assets. \_\_\_\_\_

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance

under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

**Please have all occupants over the age of 18 sign this certification.**

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

1	_____	_____
)		
2	_____	_____
)		
3	_____	_____
)		
4	_____	_____
)		

MANAGER'S SIGNATURE:

\_\_\_\_\_

**DEFINITION OF INCOME**

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who

are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

**EXHIBIT E**

**FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE**

Project Name Change:        No\_\_\_\_\_            Yes\_\_\_\_\_

(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name: \_\_\_\_\_

CDLAC Application No.:    21-639

Bond Issuer Change:        No\_\_\_\_\_            Yes\_\_\_\_\_

(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer \_\_\_\_\_

Contact Information \_\_\_\_\_

Change in Borrower        No\_\_\_\_\_            Yes\_\_\_\_\_

(If Borrower has changed since the award affecting the CDLAC Resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower \_\_\_\_\_

Contact Information        \_\_\_\_\_

Change in Management Company    No\_\_\_\_\_            Yes\_\_\_\_\_

If yes provide the Name of the New Management Company \_\_\_\_\_

Has the Qualified Project Period commenced?    No\_\_\_\_\_            Yes\_\_\_\_\_

No\_\_\_\_\_            Yes\_\_\_\_\_    Already Submitted Certification \_\_\_\_\_

If yes please submit the Construction Completion Certificate (one time only)

Has the project been completed and placed in service?

No\_\_\_\_\_            Yes\_\_\_\_\_    Already Submitted Certification \_\_\_\_\_

If yes please submit Completion Certification (one time only)

Have any of the following events occurred associated with the Bonds allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default?

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

If so, please describe and explain?

Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

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

If so, please describe and explain?

Federally Bond Restricted Units (Reflected in in PSR)		Other Restrictions (reflected in PSR)
Total (Reported in CDLAC Resolution)		

____at 50% AMI	____at 50% AMI	____at 50% AMI
----------------	----------------	----------------

____at 60% AMI	____ at 60% AMI	____at 60% AMI
----------------	-----------------	----------------

Total _____	Total _____	Total _____
-------------	-------------	-------------

Please attached a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.

Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 bedroom	_____	_____
2 bedroom	_____	_____
3 bedroom	_____	_____

If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC Resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

\_\_\_\_ After-school Programs

\_\_\_\_ Educational, health and wellness, or skill building classes

\_\_\_\_ Health and Wellness services and programs (not group classes)

\_\_\_\_ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

\_\_\_\_ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No \_\_\_\_\_ Yes \_\_\_\_\_ If no, please explain.

Are all hour requirements being met?

No \_\_\_\_\_ Yes \_\_\_\_\_ If no, please explain.

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. \_\_\_\_ (the "Resolution") adopted by the California Debt Limit Allocation Committee (the "Committee") on \_\_\_\_\_, I, [\_\_\_\_\_], an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certificate, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

**EXHIBIT F**

**FORM OF STATISTICAL REPORT TO LACDA**

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

As of the date hereof:

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

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

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

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

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

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

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

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

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

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



**BORROWER:**

2111 Firestone, LP,  
a California limited partnership

By: Kingdom Firestone, LLC  
a California limited liability company

By: Kingdom Development, Inc.,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
William Leach  
President

By: Elsey Affordable California, LLC,  
a California limited liability company,  
its administrative general partner

By: Elsey Holdings, LLC,  
a Delaware limited liability company,  
its manager

By: \_\_\_\_\_  
Bryan Elsey  
Manager

By: Domus GP LLC,  
a California limited liability company,  
its co-general partner

By: Domus Development, LLC,  
a California limited liability company,  
its manager

By: \_\_\_\_\_  
Michael Limb  
Authorized Signatory

**EXHIBIT G**  
**CDLAC RESOLUTION**

## **EXHIBIT H**

### **MULTI FAMILY BOND POLICIES AND PROCEDURES**

#### **AFFORDABILITY REQUIREMENTS**

##### **A. Number of Affordable Units**

At least 20% of the units in each project must be rented to or held available for rent to very low income tenants (50% of median income, adjusted for household size) or 40% of the project units must be rented to or held available for rent to low income tenants (60% of median income), with an additional 10% of these units set at the very low income level.

##### **B. Term**

The term of the affordability requirement is the longer of (a) 30 years from the beginning of the Qualified Project Period or the date of the refunding, as applicable, (b) such period as may be required in the opinion of Bond Counsel to meet federal or state law. The rent of “in place” tenants at the conclusion of the required affordability period will continue to be governed by the applicable affordability restriction, so long as those tenants continue to live in the development.

##### **C. Income Limits**

Total household income for income restricted units may not exceed 50% or 60% of the median income as applicable, adjusted by household size, as set by the U.S. Department of Housing and Urban Development (HUD). These limits will be adjusted periodically when HUD adjusts the median income standards.

##### **D. Annual Certification of Tenant Income**

The project owner must certify tenant eligibility annually. If at the annual certification a tenant’s income exceeds 1.4 times the then income limit for initial occupancy, the owner must rent the next available unit to a new income eligible tenant. The owner may raise the current tenant’s rent to market rent only upon renting the next available unit to a new low income or very low income household, as applicable, to be counted toward meeting the affordable unit requirements. A unit rented only to students does not count toward the affordable unit requirements unless they are married and are not listed as dependents on another household’s tax returns.

##### **E. Rent Limits**

The maximum rents for all the affordable units are adjusted based on the percentage increase in the HUD determined median income for Los Angeles County. These rents are based on 1/12 of 30% of the appropriate income limits, assuming 1 person in a studio, 2 persons in a one bedroom, 3 persons in a two bedroom and 4 persons in a three bedroom unit. These assumptions differ for projects using LIHTCs, which assumes 1 person in a studio and 1.5 persons per bedroom. In the event Tax-Exempt Bond is used with LIHTCs, the more restrictive rents apply.

**EXHIBIT I**

**FORM OF CONSTRUCTION COMPLETION CERTIFICATE**

1) Project Name: 2111 Firestone  
*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)*

Original: \_\_\_\_\_

2) CDLAC Application No.: \_\_\_\_\_

3) Name of Bond Issuer: Los Angeles County Development Authority

4) Name of Borrower: 2111 Firestone, LP  
*(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)*

Original: \_\_\_\_\_

5) The undersigned hereby certifies that all work on the Project was substantially completed as of \_\_\_\_\_, 20\_\_

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$[\_\_\_\_\_]

(b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25% of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified Project Period.

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

(a) 10% of the dwelling units in the Project financed in part from the proceeds of the Bonds were first occupied on \_\_\_\_\_, 20\_\_ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the Bonds were first occupied on \_\_\_\_\_, 20\_\_.

7) If no to (6), the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.

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

*(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within sixty (60) days of the earlier of the Project acquisition or the Bonds aresuance date.)*

(a) Bond was issued on \_\_\_\_\_, 20\_\_

(b) Property was acquired on \_\_\_\_\_, 20\_\_

(c) The date 10% of the units were available to occupy (within sixty (60) days of the earlier of the acquisition or bond issuance) is \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number

**EXHIBIT J**

**FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD**

Project Name: 2111 Firestone

*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)*

CDLAC Application No.: \_\_\_\_\_

Name of Bond Issuer: Los Angeles County Development Authority

Name of Borrower 2111 Firestone, LP

*(If Borrower has changed since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)*

Project meets the general federal rule for a Qualified Project Period

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

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_; and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_.

Project meets the special federal rule for a Qualified Project Period.

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

*(Project qualifies if it is an acquisition/rehabilitation where more than 90% of the units were not available for occupancy within sixty (60) days of the earlier of the project acquisition or the Bonds aresuance Date.)*

(a) Bond was issued on \_\_\_\_\_, 20\_\_

(b) Date 12 months after the Bonds aresuance Date \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number