

EXHIBIT 2

AFFORDABLE HOUSING AGREEMENT
(912 and 920 East Broadway & 117 S. Belmont Street)

by and between

HOUSING AUTHORITY OF THE CITY OF GLENDALE,

Authority,

and

HARROWER VILLAGE, L.P.

Developer

May 24, 2022

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AFFORDABLE HOUSING AGREEMENT
(912 and 920 East Broadway & 117 S. Belmont Street)

THIS AFFORDABLE HOUSING AGREEMENT (this “**Agreement**”), dated as of May 24, 2022, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body, corporate and politic (“**Authority**”) and HARROWER VILLAGE, L.P., a California limited partnership (“**Developer**”). Authority and Developer agree as follows:

ARTICLE I. SUBJECT OF AGREEMENT

Section 1.01 Purpose of the Agreement

The purpose of this Agreement is to provide for the Authority’s ground lease to Developer of the hereinafter defined Property and the Authority’s assistance in financing the development and operation of thirty-nine (39) affordable rental housing units for Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households, and one (1) manager’s unit. Development of the project will include the adaptive reuse of three historic structures for multifamily residential use and the new construction of a multifamily residential building. The development and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Glendale and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements. Pursuant to and conditioned upon the terms of this Agreement, the Authority will ground lease the Property and the existing improvements to Developer and assist Developer in paying the cost of acquiring the Property and constructing and rehabilitating the Improvements (as defined below) and the Developer will construct, rehabilitate, and operate the Improvements on the Property. Section 606 of the Ground Lease describes ownership of the Improvements during the lease term.

Section 1.02 Definitions

For purposes of this Agreement, the following capitalized terms will have the following meanings:

“**Acquisition and Development Costs**” means the total cost of acquiring the Property and developing, constructing, and rehabilitating the Improvements thereon, as set forth in the Project Budget.

“**Affiliate**” means any Person directly or indirectly controlling, controlled by or under common control with another Person. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It will be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession,

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indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. For purposes of this definition, each general partner will be considered an “Affiliate” of Developer.

“**Affordable Rent**” has the meaning set forth in California Health and Safety Code Section 50053. Rents for the Units will not exceed the respective amounts set forth in the Agreement Containing Covenants.

“**Agreement Containing Covenants**” means the Agreement Containing Covenants (Including Rental Restrictions), substantially in the form attached to this Agreement as Attachment No. 10.

“**Anti-Terrorism Laws**” means all laws relating to terrorism or money laundering, including, without limitation, the Currency and Foreign Transactions Reporting Act of 1970, Pub. L. No. 91-508, 84 Stat. 1305 (1970), as amended from time to time.

“**Annual Project Budget**” has the meaning given in paragraph b of Section 5.02.

“**Approved Title Conditions**” means title that is subject to current property taxes and assessments, Senior Loan, and easements and other encumbrances specifically approved by the Authority Executive Director.

“**Assignment of Agreements**” means a document substantially in the form attached to this Agreement as Attachment No. 17, which is incorporated herein by this reference.

“**Assignment of Rents and Leases**” means a document substantially in the form attached to this Agreement as Attachment No. 16, which is incorporated herein by this reference.

“**Authority**” means the Housing Authority of the City of Glendale, California, a public body, corporate and politic, and any assignee of or successor to its rights, powers and responsibilities.

“**Authority Deed of Trust**” means the Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents), in which Developer is the Trustor and Authority is the Beneficiary, which secures the Authority Loans, substantially in the form attached to this Agreement as Attachment No. 15.

“**Authority Loans**” means, individually and collectively, the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

“**Authority Loan Documents**” means the instruments described as such in the Method of Financing.

“**City**” means the City of Glendale, California.

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“Completion” means the point in time when all of the following will have occurred: (1) issuance of a permanent certificate of occupancy by the City of Glendale; (2) recordation of a Notice of Completion by Developer or its contractor; (3) certification by the project architect that construction and rehabilitation of the Improvements (with the exception of minor “punchlist” items) has been completed in a good and workmanlike manner and substantially in accordance with the approved Plans; (4) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against any mechanic’s liens that have been recorded or stop notices that have been delivered; (5) the time for Developer’s contractor, suppliers and subcontractors to file a claim pursuant to Civil Code Sections 3115-3117 has expired; (6) the Improvements comply with the requirements of the HOME Regulations (including the property standards under 24 CFR 92.251); (7) Developer has submitted to the Authority the information needed to complete the “Rental Set Up and Completion Form – HOME Program” required by HUD; and (8) the National Park Service has approved the rehabilitation work for the Historic Rehabilitation Tax Credits.

“Conditions” means, with respect to the Property, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Substances, the suitability of the Property for its intended uses, or the condition of any related public improvements.

“Construction Financing Event” means the point in time when (i) all conditions precedent to the Construction Financing Event as set forth in the Method of Financing (Attachment No. 3) have been satisfied; and (ii) the Construction Loan Deed of Trust and other Construction Loan documents are recorded.

“Construction Financing Event Date” means the date on which the Construction Financing Event is scheduled to take place.

“Construction Loan” means the Construction Period loan to be made to Developer by Wells Fargo Bank, National Association, or another institutional lender acceptable to the Authority (**“Construction Lender”**) at the time of the Construction Financing Event, secured by the Construction Loan Deed of Trust.

“Construction Loan Deed of Trust” means the first priority leasehold deed of trust securing the Construction Loan.

“Construction Period” means the period of time commencing upon the Construction Financing Event and ending at Conversion.

“Conversion” means the point in time when the Permanent Loan has been funded, the additional Limited Partner Capital Contribution has been funded (less that portion, not to exceed 10%, of the Limited Partner Capital Contribution that will be funded upon receipt of Form(s) 8609), and the Construction Loan has been repaid in full.

“Developer Equity” means funds provided by Developer for payment of Acquisition and Development Costs and does not include the Construction Loan, the Permanent Loan, the
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Authority Loans or any other borrowed funds, and includes the Deferred Developer Fee (as defined in the Method of Financing), the Limited Partner Capital Contribution and other funds of the Developer.

“**Disbursement Agreement**” means an agreement substantially in the form attached to this Agreement as Attachment No. 19 or in such other form and substance that is mutually acceptable to the Authority, Developer and Construction Lender.

“**Environmental Indemnity**” means an instrument substantially in the form attached to this Agreement as Attachment No. 18.

“**Escrow Agent**” means Commonwealth Land Title Company or another escrow agent mutually acceptable to Authority and Developer.

“**Extremely Low Income**” means household income that does not exceed the maximum income set forth in California Health and Safety Code Section 50106.

“**Force Majeure**” or “**Force Majeure Event**” means the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference: War; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts of terrorism, epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Authority will not excuse performance by the Authority); the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay will deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event.

“**Force Majeure Delay**” means any delay in taking any action required by this Agreement, proximately caused by the occurrence of any Force Majeure Event.

“**Governmental Approvals**” means and includes any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, tentative and final tract maps, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, 05.16.22

authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to commence and complete the construction of the Project.

“Governmental Authority” means the United States, the State of California, the County of Los Angeles, the City of Glendale or any other political subdivision in which the Property is located, and any court or political subdivision, authority or instrumentality having jurisdiction over the Property.

“Ground Lease” means the lease of the Property and the existing improvements from the Authority to Developer for the purpose of developing and operating the Project, substantially in the form of the Ground Lease attached hereto as Attachment No. 7.

“Ground Lease Closing” means the point in time when (i) all conditions precedent to the Ground Lease Closing as set forth in the Method of Financing (Attachment No. 3) have been satisfied; (ii) the Ground Lease is executed and delivered, and the Memorandum of Lease is recorded; and (iii) the Authority Deed of Trust and other Authority Loan Documents are recorded.

“Hazardous Substances” has the meaning set forth in the Environmental Indemnity.

“Historic Rehabilitation Tax Credits” means tax credits authorized by the Federal Historic Preservation Tax Incentives Program and governed by Section 47 of the Internal Revenue Code.

“HOME Loan” means the loan of HOME Program funds made by the Authority to Developer pursuant to this Agreement, in the amount set forth in the final approved Project Budget, which is evidenced by the HOME Note and secured by the Authority Deed of Trust and the other Authority Loan Documents having a lien on the Property that is junior in priority to the lien of the Senior Loan Deed of Trust.

“HOME Note” means the Promissory Note evidencing the HOME Loan, substantially in the form attached to this Agreement as Attachment No. 14.

“HOME Regulations” means 24 CFR Part 92, as amended from time to time.

“HOME Regulatory Agreement” means the Agreement Containing HOME Program Requirements, substantially in the form attached to this Agreement as Attachment No. 11.

“HOME Rents” means maximum rents, including a reasonable utility allowance for utilities and services (excluding telephone) as follows:

1. for each of the three (3) Very Low Income HOME Units, the rent must meet either (a) or (b) of the following rent requirements:

(a) The rent does not exceed the lesser of (1) 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by 05.16.22

HUD, with adjustments for smaller and larger families, as provided by HUD; (2) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or

(b) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the family pays as contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

2. For each of the eight (8) Low Income HOME Units, the rent may not exceed the lesser of:

(a) the fair market rent for existing housing for comparable units in the area, as established by HUD under 24 CFR 888.111; and

(b) a rent that does not exceed 30 percent of the adjusted income (as that term is defined in 24 CFR 92.203) of a family whose annual income (as that term is defined in 24 CFR 92.203) equals 65 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Improvements**” means the residential development to be rehabilitated and constructed on the Property, consisting of 14 studio units, 25 one-bedroom units, 1 two-bedroom manager's unit, and ancillary facilities, as described in the Scope of Development.

“**Investor Limited Partner**” means any Person who will be an limited partner in Developer's limited partnership pursuant to the Limited Partnership Agreement and who will be allocated the Low Income Housing Tax Credits and/or the Historic Rehabilitation Tax Credits and own a 99.99% interest in the Developer, and any successor and assign thereof as permitted by the Limited Partnership Agreement.

“**Lease Prepayment**” means Developer's prepayment of the capitalized annual lease payments over the term of the Ground Lease, which prepayment will be financed by the Measure S Loan.

“**Leasehold Interest**” means the leasehold interest in the Property that is created by the Ground Lease between the Authority and the Developer.

“**Legal Description**” means the legal description of the Property attached to this Agreement as Attachment No. 2.

“**Limited Partner Capital Contribution**” means the Developer Equity provided from the allocation of the Low Income Housing Tax Credits and the Historic Rehabilitation Tax Credits as set forth in the Method of Financing.

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“Limited Partnership” means the single purpose entity referred to herein as “Developer”, formed for the syndication of the Low Income Housing Tax Credits and the Historic Rehabilitation Tax Credits and ownership of the Project.

“Limited Partnership Agreement” means the limited partnership agreement governing the Limited Partnership and includes the Limited Partnership Agreement as amended and restated on the admission of the Investor Limited Partner.

“LMIHAF” means the Low and Moderate Income Housing Asset Fund, established and maintained by the Authority pursuant to California Health and Safety Code Sections 34176 and 34176.1.

“LMIHAF Loan” means the loan made by the Authority to Developer pursuant to this Agreement, in the amount set forth in the final approved Project Budget, which is evidenced by the LMIHAF Note and secured by the Authority Deed of Trust and the other Authority Loan Documents having a lien on the Property that is junior in priority to the lien of the Senior Loan Deed of Trust.

“LMIHAF Note” means the Promissory Note evidencing the LMIHAF Loan, substantially in the form attached to this Agreement as Attachment No. 12.

“Low Income” means the maximum income given to “lower income” households in California Health and Safety Code Section 50079.5.

“Low Income HOME Tenant” means a Senior Citizen Household whose household income does not exceed 80% of the area median income adjusted for household size, as determined annually by the United States Department of Housing and Urban Development.

“Low Income HOME Unit” means one of the 8 one-bedroom units designated as floating HOME units to be occupied by a Low Income HOME Tenant at HOME Rents.

“Low Income Housing Tax Credits” means tax credits authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

“Maintenance Program” has the meaning given in Section 5.03.

“Management Plan” has the meaning given in paragraph a. of Section 5.02.

“Managing General Partner” means Harrower Village GP, LLC, a California limited liability company, and its successors and assigns permitted under the terms of this Agreement. Harrower Village GP, LLC is the sole general partner of Harrower Village, L.P.

“Measure S Funds” means a portion of the funds derived from the Glendale Quality of Life and Community Services Protection Measure, which enacted a .75% sales tax increase and was approved by Glendale voters in 2018.

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“Measure S Loan” means the loan made by the Authority to Developer pursuant to this Agreement, in the amount set forth in the final approved Project Budget, which is evidenced by the Measure S Note and secured by the Authority Deed of Trust and the other Authority Loan Documents having a lien on the Property that is junior in priority to the lien of the Senior Loan Deed of Trust.

“Measure S Note” means the Promissory Note evidencing the Measure S Loan, substantially in the form attached to this Agreement as Attachment No. 13.

“Memorandum of Lease” means a document substantially in the form of the Memorandum of Lease attached to this Agreement as Attachment No. 8.

“Method of Financing” means Attachment No. 3 to this Agreement.

“Notice of Affordability Restrictions” means the Notice of Affordability Restrictions on Transfer of Real Property, substantially in the form attached to this Agreement as Attachment No. 9.

“Permanent Loan” means the permanent loan to be made to Developer by Wells Fargo Bank, National Association, or another institutional lender reasonably acceptable to the Authority Executive Director (**“Permanent Lender”**) following Conversion, secured by the Permanent Loan Deed of Trust.

“Permanent Loan Deed of Trust” means the first priority leasehold deed of trust securing the Permanent Loan.

“Permanent Period” means the period of time commencing at Conversion.

“Permitted Transfer” means any of the following, provided (except for subsection f. below) Developer or a general partner of Developer, or an Affiliate of such general partner, retains day-to-day control over management and operations of the Property and the Improvements and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws:

- a. An assignment of this Agreement and Developer’s interests in the Property to an Affiliate or a conveyance back from the Affiliate to Developer;
- b. A conveyance of a security interest in the Property or any portion thereof or interest therein, in connection with a Senior Loan approved by the Authority;
- c. The inclusion of equity participation in the Project by addition of limited partners to the Limited Partnership or similar mechanism, and any transfers of limited partnership interests in Developer’s partnership;
- d. The lease for occupancy of all or any part of the Improvements on the Property in accordance with this Agreement;

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- e. The granting of easements or permits to facilitate the development of the Property in accordance with this Agreement;
- f. The withdrawal, removal and/or replacement of a general partner of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement, or a conveyance of Developer's interest in the Property and the Improvements and a transfer of limited partnership interests to a general partner pursuant to the option provided to that partner in Developer's partnership agreement, will not constitute a default under this Agreement or any of the Authority Loan Documents, nor will such actions accelerate the maturity of the Authority Loans, provided that, unless the substitute general partner is an entity directly or indirectly controlled by Enterprise Community Asset Management, Inc., any required substitute general partner is reasonably acceptable to the Authority, as evidenced by the Authority's written consent, and is selected with reasonable promptness; and
- g. Any transfer approved in writing by Authority's Executive Director or designee, at his or her sole discretion.

Transfers described in clauses a, b, or c will be subject to the reasonable approval of the Authority Executive Director or designee; provided that, the Authority approves the transfer of limited partner interests in Developer's partnership, so long as such transfer is not a result of a resyndication of the Low Income Housing Tax Credits or the Historic Rehabilitation Tax Credits and does not otherwise result in increased equity participation in Developer, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

"Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

"Plans" means the architectural and construction plans and drawings prepared on behalf of Authority or Developer for Developer's use for the Project in accordance with this Agreement.

"Prohibited Person" means any of the following:

- a. a Person that is listed in or is otherwise subject to the prohibitions of, any Executive Order relating to money laundering or anti-terrorism;
- b. a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in or is otherwise subject to the prohibitions of, any Executive Order relating to money laundering or anti-terrorism;
- c. a Person or entity with whom Developer or Investor Limited Partner is prohibited from dealing or otherwise engaging in any transaction by Anti-Terrorism Laws;
- d. a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control of the U.S. Treasury Department.

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“**Project**” means the financing, planning, construction, rehabilitation and use of the Property and the Improvements as provided in this Agreement.

“**Project Budget**” means the schedule of sources and uses attached to this Agreement as Attachment No. 6.

“**Property**” means the real property described in the legal description attached to this Agreement as Attachment No. 2.

“**Quarterly Report**” has the meaning given in paragraph c of Section 5.02.

“**Release of Construction Covenants**” means the certificate to be issued by the Authority in accordance with Section 4.18 of this Agreement.

“**Restricted Period**” means the period commencing at recordation of the Agreement Containing Covenants and continuing until the date that is seventy-five (75) years after Conversion or such longer period of time so that the Restricted Period is not less than the Term of the Ground Lease, as may be extended pursuant to the terms thereof. Notwithstanding, the Restricted Period for the HOME Units will be as set forth in the HOME Regulatory Agreement.

“**Schedule of Performance**” means the document attached to this Agreement as Attachment No. 5.

“**Scope of Development**” means the document attached to this Agreement as Attachment No. 4.

“**Senior Citizen Household**” means a household where at least one person in residence qualifies for occupancy under the California Tax Credit Allocation Committee’s regulations applicable to the Project and intends to reside in the unit as his or her primary residence on a permanent basis, and where any other person residing in the unit is a “qualified permanent resident” or a “permitted health care resident” as provided in the Unruh Civil Rights Act, California Civil Code Section 51 *et seq.*, or the Federal Fair Housing Act 42 USC Section 3607, and such household’s occupancy is in compliance with all applicable federal, state and local laws and regulations governing the use and occupancy of the Project. All of the units shall be rented to Senior Citizen Households.

“**Senior Lender**” means the maker of a Senior Loan, and an approved construction lender, credit enhancer or construction period guaranty facility.

“**Senior Loan Deed of Trust**” means, during the Construction Period, the Construction Loan Deed of Trust, and during the Permanent Period, the Permanent Loan Deed of Trust.

“**Senior Loan**” means, during the Construction Period, the Construction Loan, and during the Permanent Period, the Permanent Loan.

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“**Senior Loan Documents**” means, as applicable, the Construction Loan Deed of Trust, the Permanent Loan Deed of Trust, loan agreements, promissory notes, financing statements, guaranties, security agreements, assignments, and similar documents and instruments to be executed by Developer in connection with a Senior Loan.

“**Site Map**” means the document which is attached to this Agreement as Attachment No. 1.

“**Subordination Agreement**” means an instrument in a form agreed to by the Authority Executive Director or designee and Senior Lender, which subordinates the Authority Loans, but not the Agreement Containing Covenants or the HOME Regulatory Agreement, to a Senior Loan.

“**Title Company**” means Commonwealth Land Title Company or another title insurance company mutually acceptable to Authority and Developer.

“**Title Insurance Policies**” means and include the following ALTA extended coverage policies of title insurance issued by the Title Company, subject to the Approved Title Conditions:

a. A lender’s policy of leasehold title insurance in favor of the Construction Lender, together with such endorsements as the Construction Lender may reasonably require, insuring the lien of the Construction Loan, in the amount of the Construction Loan (the “**Construction Lender’s Title Policy**”); and

b. A lender’s policy or policies of title insurance in favor of Authority, together with such endorsements as Authority may reasonably require, insuring the lien of the Authority Deed of Trust in the cumulative amount of the Authority Loans (the “**Authority’s Title Policy**”).

“**Transfer**” means:

a. the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

b. “Transfer” also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of an interest in Developer, or a conversion of Developer to an entity form other than that of Developer at the time of execution of this Agreement, except that, a cumulative change in ownership interest of a general partner of the Developer of forty-nine percent (49%) or less will not be deemed a “Transfer” for purposes of this Agreement.

“**UCC-1**” means a UCC-1 Financing Agreement naming the Authority as creditor and Developer as debtor.

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“**Very Low Income**” means household income that does not exceed the maximum income set forth in California Health and Safety Code Section 50105.

“**Very Low Income HOME Tenant**” means a tenant whose household income does not exceed 50% of the area median income adjusted for household size, as determined annually by the United States Department of Housing and Urban Development.

“**Very Low Income HOME Unit**” means one of the 3 studio units designated as floating HOME units to be occupied by a Very Low Income HOME Tenant at HOME Rents.

Section 1.03 The Property

The “Property” is that property in the City of Glendale as illustrated on the “Site Map” (attached hereto as Attachment No. 1) and as described in the “Legal Description of the Property” (attached hereto as Attachment No. 2).

Section 1.04 The Authority

a. The Authority is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law of the State of California.

b. The address of the Authority for purposes of receiving notices pursuant to this Agreement will be 141 North Glendale Avenue, Room 202, Glendale, California 91206, Attn: Executive Director (Facsimile: (818) 548-3724).

c. “Authority” as used in this Agreement includes the Housing Authority of the City of Glendale and any assignee or successor to its rights, powers and responsibilities.

SECTION 1.05 The Developer

a. Developer is Harrower Village, L.P., a California limited partnership. The address of Developer for purposes of receiving notices pursuant to this Agreement is as follows:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
(Facsimile: 213-225-2709)

Copies of notices to Developer will be delivered at the same time to the Investor Limited Partner at the address provided in the LMIHAF Note.

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b. Whenever the term “Developer” is used herein, such term means and includes: (1) the Developer as of the date hereof; and (2) any assignee of or successor to its rights, powers and responsibilities approved by the Authority or permitted by this Agreement.

Section 1.06 Assignments and Transfers

a. The qualifications and identity of the Developer are of particular concern to the Authority. It is because of those qualifications and identity that the Authority has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer will acquire any rights or powers under this Agreement except as expressly set forth herein.

b. The Developer will not assign all or any part of this Agreement without the prior written approval of the Authority. The Authority agrees to reasonably give such approval if, in the reasonable determination of the Authority, the proposed assignee is comparable in all material respects (including experience, character and financial capability) to the Developer. Any such change (or assignment of this Agreement in connection therewith) will be by instruments satisfactory to the Executive Director (or his designee), and be subject to the approval by the Executive Director (or his designee) of evidence of the proposed assignee’s qualifications to meet the obligations of the Developer under this Agreement.

c. For the reasons cited above, except for any Permitted Transfer as set forth in subsection f. in the definition of “Permitted Transfer” above, Developer represents and agrees for itself and any successor in interest that without the prior written approval of the Authority, which will not be unreasonably withheld, there will be no cumulative change in ownership interest of any general partner of greater than 49%, by any method or means.

d. Developer will promptly notify the Authority of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by the Authority, and the Authority may exercise its remedies pursuant to the Authority Loan Documents, if there is any significant change (voluntary or involuntary) in membership, executive management or control of Developer (other than such changes occasioned by the death or incapacity of any individual or a Permitted Transfer). “Significant change” as used in the preceding sentence is any change that results (directly or indirectly) in a change of the day to day management of Developer following the date of this Agreement.

e. The Developer will not, except for Permitted Transfers or as permitted by this Agreement, make or attempt to make a Transfer, without prior written approval of the Authority, except as expressly permitted by this Agreement and the other Authority Loan Documents. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Proposed transferees must have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Authority, to fulfill Developer’s obligations undertaken in this Agreement. A proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority must expressly assume all of

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Developer's obligations under this Agreement and agree to be subject to all conditions and restrictions applicable to the Developer in this Agreement. There must be submitted to the Authority for review all instruments and other legal documents proposed to affect any such transfer; and if approved by the Authority its approval will be indicated to Developer in writing.

f. In the absence of specific written agreement by the Authority, no Transfer, or approval thereof by the Authority, will be deemed to relieve Developer or any other party from any obligations under this Agreement.

g. Notwithstanding section 106.b., Developer will have the right to execute deeds of trust and other instruments granting a security interest in the Property for the purposes of financing the Acquisition and Development Costs, as described in Article III of this Agreement and the Method of Financing attached hereto as Attachment No. 3.

ARTICLE II. LEASE OF PROPERTY TO DEVELOPER

Section 2.01 Condition of the Property

c. No person acting on behalf of the Authority is authorized to make, and by execution of this Agreement, Developer acknowledges that neither the Authority nor any person acting on behalf of the Authority has made any representation, agreement, statement, warranty, guarantee or promise regarding the zoning, construction, physical condition or other status of the Property, except as otherwise expressly provided in this Agreement.

d. Developer acknowledges and agrees that, except as expressly set forth in this Agreement, the Authority makes no representations and warranties, express or implied, as to the Property. It is understood and agreed that with respect to the physical condition of the Property, it is being leased on an "as is," "where is" and "with all faults" basis and is subject to any condition which may exist. Other than the representations and warranties set forth in this Agreement, Developer hereby expressly acknowledges and agrees that it is relying solely upon its inspections, examination, and evaluation of the Property in leasing the Property on an "as is," "where is" and "with all faults" basis.

e. It will be the sole responsibility of Developer, at Developer's expense, to investigate and determine all conditions of the Property and its suitability for the uses to which the Property is to be put in accordance with this Agreement. If the conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the responsibility and obligation of Developer, without cost to the Authority, to take such action or cause such action to be taken, as may be necessary to place the Property in all respects in a condition entirely suitable for its development and use in accordance with this Agreement.

Section 2.02 Form of Ground Lease; Term

a. The Ground Lease for the Property will be in the form of Attachment No. 7. The term of the Ground Lease will commence at the Ground Lease Closing and will continue thereafter

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until the seventy-fifth (75th) anniversary of the Conversion date, unless earlier terminated or extended pursuant to the option term in accordance with the Ground Lease terms.

ARTICLE III. FINANCING

Section 3.01 Method of Financing

The Acquisition and Development Costs will be financed with a combination of sources of financing as provided in the Method of Financing, attached to this Agreement as Attachment No. 3.

Section 3.02 Authority Assistance

a. Authority Loans. In accordance with and subject to the terms and conditions of this Agreement, including the Method of Financing, the Authority agrees to lend to the Developer, and the Developer agrees to borrow from the Authority, the LMIHAF Loan, the Measure S Loan, and the HOME Loan, as described in the Method of Financing attached hereto as Attachment No. 3. At or prior to the Ground Lease Closing, the Authority and Developer will execute and deliver such instruments and documents as may be necessary to evidence and secure the Authority Loans, consistent with the terms of this Agreement and the Method of Financing, and each in a form that is acceptable to the Authority Executive Director or designee. Developer hereby warrants and agrees that Developer will use the HOME Loan solely for the purpose of paying a portion of the construction and rehabilitation costs for the Very Low Income HOME Units and the Low Income HOME Units and for no other purpose.

b. Gap Assistance. The parties acknowledge that the Authority Loans are intended to be “gap” financing, not to exceed the amount needed to bridge the gap between the total Acquisition and Development Costs (as further described in the Method of Financing) and the maximum loans obtainable by Developer plus an agreed amount of Developer’s Equity, but in no event greater than the amount set forth in the approved final Project Budget. The proceeds of the Authority Loans will be used exclusively to pay Acquisition and Development Costs identified in the Project Budget (which is attached to this Agreement as Attachment No. 6 and incorporated herein by this reference). The Authority Loans are subject to the terms and provisions of the Authority Loan Documents, including but not limited to the LMIHAF Note, the Measure S Note, and the HOME Note.

c. Senior Loan and Tax Credits. Authority agrees that the lien of the Authority Deed of Trust will be subordinate to the lien of the Construction Loan Deed of Trust and the Permanent Loan Deed of Trust. Authority agrees to make such modifications to this Agreement, and the Authority Executive Director will execute such estoppel certificates, as may reasonably be requested by the Construction Lender, the Permanent Lender and the Investor Limited Partner, provided that such modifications or certificates are consistent with the terms of this Agreement and do not materially adversely affect the receipt of any material benefit by Authority hereunder. The Authority Executive Director will execute such subordination agreements regarding the Authority Loans, but not the Agreement Containing Covenants, Notice of Affordability

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Restrictions, or the HOME Regulatory Agreement, as may reasonably be requested by the Construction Lender and Permanent Lender, provided that such subordination agreements will provide the Authority with all rights under California Civil Code Section 2924b and 2924c and Health and Safety Code Section 33334.14(a)(4).

Section 3.03 Evidence of Financing

a. Not later than thirty (30) days prior to the scheduled Construction Financing Event Date, Developer will submit to the Authority draft documents containing evidence satisfactory to the Authority that Developer has obtained the financing necessary for the development of the Property in accordance with this Agreement. Developer shall submit final documents containing such evidence no later than seven (7) days prior to the scheduled Construction Financing Event Date. Such evidence of financing will include the following:

1. A copy of all loan documents relating to the Construction Loan, including a final project budget approved by the Construction Lender, certified by the Developer to be a true and correct copy or copies thereof;
2. Documentation acceptable to the Authority Executive Director or designee of sources of capital sufficient to demonstrate that the Developer has adequate equity funds committed to provide the amount of Developer Equity required by the Method of Financing;
3. A copy of the Permanent Loan commitment; and
4. A copy of the contract between the Developer and the general contractor and contracts with major subcontractors for the construction and rehabilitation of the Improvements, certified by the Developer to be a true and correct copy thereof.

b. The Authority will approve or disapprove such evidence of financing within the time established in the Schedule of Performance. Such approval will not be unreasonably withheld or delayed. If the Authority will disapprove any such evidence of financing, the Authority will do so by written notice to the Developer stating the reason(s) for such disapproval.

ARTICLE IV. DEVELOPMENT OF THE PROPERTY

Section 4.01 Land Use Approvals

a. It is the responsibility of the Developer, without cost to Authority, to ensure that zoning of the Property and all applicable City land use requirements will be such as to permit development of the Property and construction and rehabilitation of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement.

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b. The following will be conditions of the Construction Financing Event: (A) Developer will submit and Authority Executive Director or designee will approve one hundred percent (100%) complete construction drawings; and (B) Developer will obtain all entitlements, approvals, variances and permits necessary for the construction and rehabilitation of the Improvements, which must be consistent with the discretionary entitlement package dated May 4, 2021 and approved by the City's Historic Review Commission on May 20, 2021.

c. The Authority's detailed design and development objectives for the Project are specified in the entitlements package prepared by KFA, LLP ("KFA"), which includes information sheets, site plans, plans, elevations, sections, landscape design and material callouts advanced to a schematic architectural design level but without the coordination of the major engineering consultants ("Entitlements Package"). Developer is hereby granted a temporary, non-exclusive and non-transferable license to use the Entitlement Package as necessary or appropriate for design development and permitting of the Project, including the preparation of detailed construction drawings, plans and specifications. It is contemplated that ownership of the Entitlement Package will be transferred to Developer at the Construction Financing Event.

d. The Authority makes no warranties of any kind as to the Entitlement Package and disclaims all liability arising from use thereof by Developer or any third party. The Authority expressly disclaims and Developer hereby expressly waives all warranties express or implied, including warranties of merchantability and fitness for a particular purpose. Any use or modification by Developer of the Entitlements Package, including use by Developer's builders and other employees, contractors, or agents, shall be at Developer's own risk. Developer and its architect, engineer, and general contractor, are responsible to obtain all building permits and to ensure that all work performed in the development of the Project is in accordance with of all applicable federal, state, and local building codes as well as applicable construction standards, fire department standards, utility company standards and best practices. Developer hereby waives, to the fullest extent permitted by law, any right it may have to hold the Authority or KFA liable, or recover from the Authority or KFA, or any of their officers, agents, or employees, for any claims or damages which shall or might occur or arise, in whole or in part, in connection with or arising out of Developer's use of the Entitlements Package.

Nothing contained herein will be deemed to entitle Developer to any City of Glendale permit or other City approval necessary for the development of the Property, or waive any applicable City requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Developer, (b) supersede, nullify or amend any condition which may be imposed by the City of Glendale in connection with approval of the development described herein, (c) guarantee to Developer or any other party any profits from the development of the Property, or (d) amend any City laws, codes, rules or regulations. This is not a Development Agreement under Government Code Section 65864. Without cost to the Authority, the Authority will provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the construction and rehabilitation of the Improvements.

e. The Property is currently listed in the Glendale Register of Historic Resources. Developer acknowledges and understands that the Property must be developed in conformity with 05.16.22

the requirements of Chapter 15.20 of the Glendale Municipal Code (Historic Preservation Ordinance). In addition, the City of Glendale has contracted with Architectural Resources Group, Inc. (“ARG”) to prepare and submit a National Register Nomination for inclusion of the Property on the Federal Register of Historic Places and a Historic Preservation Certification Application for Federal Rehabilitation Tax Credits (“Rehabilitation Tax Credit Application”). ARG has prepared and submitted the National Register Nomination and Parts 1 and 2 of the Rehabilitation Tax Credit Application (Evaluation of Significance and Description of Rehabilitation, respectively), and the same have been conditionally approved by the California Office of Historic Preservation and the National Park Service. ARG has also prepared a Preliminary Rehabilitation Study for the Property that includes an inventory of each building’s character-defining features and spaces, general guidelines for rehabilitation, and a summary of the Federal Rehabilitation Tax Credit process. Developer will carry out the rehabilitation of the existing improvements on the Property in conformity with Part 2 of the Rehabilitation Tax Credit Application (Description of Rehabilitation) conditionally approved by the California Office of Historic Preservation and the National Park Service. Developer must obtain the approval of the Housing Authority Executive Director and the National Park Service before commencing any proposed changes to the approved Description of Rehabilitation.

Section 4.02 Hazardous Materials

a. Prior to the Ground Lease Closing, Developer will deliver to the Authority a true and complete copy of any environmental assessments Developer has made of the Property and the existing improvements. Developer agrees to perform, or cause to be performed, the clean-up of any Hazardous Substances on, in, under or within the Property, without cost or expense to the Authority. Developer will defend, indemnify and hold harmless the Authority and its officers, agents, employees, contractors and attorneys from any claims, liability, injury, damages, costs and expenses (including, without limiting the generality of the foregoing, the cost of any required cleanup of hazardous substances, and the cost of reasonable attorneys’ fees) which may be sustained as the result of Hazardous Materials relating to the Property. As a condition precedent to the Ground Lease Closing, Developer will execute and deliver to the Authority the Environmental Indemnity (Attachment No. 18). Notwithstanding the foregoing, Developer shall have no obligation to indemnify the Authority and its officers, agents, employees, contractors and attorneys for loss, liability, claims, and damages, and expenses arising from Developer’s mere discovery of Hazardous Substances already present on the Site prior to the commencement of this Agreement, so long as Developer has not contributed to the placement, releases, or migration of such pre-existing Hazardous Substances.

Section 4.03 Scope of Development

The Property will be developed in accordance with and within the limitations established in the Scope of Development attached to this Agreement as Attachment No. 4 and Plans approved by the Authority pursuant to this Agreement and permits issued by the City. It is anticipated that Developer will contract for performance of specific activities, including but not limited to activities such as relocation services (if necessary), site inspections, and management of the Units. Such

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contracts will not in any way diminish or waive Developer's obligations under this Agreement. The identity and qualifications of the general contractor must be approved by the Authority. Developer must also submit to the Authority for approval copies of the proposed contract with the general contractor and copies of any proposed subcontracts for mechanical, electrical, plumbing, framing and other trades requested in writing by the Authority, which approval will not be unreasonably withheld or delayed.

Section 4.04 Construction Drawings and Related Documents

a. Developer will prepare and submit construction drawings and related documents for the development of the Property to the Authority for review (including, but not limited to, architectural review) and written approval at the times established in the Schedule of Performance. The construction drawings and related documents shall include but not be limited to, preliminary and final drawings, plans and specifications. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit. Any items so submitted and approved in writing by the Authority will not be subject to subsequent disapproval. Authority approval will not be unreasonably withheld or delayed.

b. Progressively detailed plans will be approved by the Authority if exterior spaces and areas open to public view do not vary and the plans otherwise do not materially vary from previously approved plans, and if they are a logical evolution of previously approved plans and conform to the provisions of the Scope of Development. In the event of the disapproval by the Authority of any plans submitted by Developer, Authority will promptly communicate in writing to Developer all reasons for such disapproval and all requirements for subsequent approval of revised plans.

c. During the preparation of all drawings and plans, the Authority staff and Developer will hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Authority. The Authority staff and Developer will communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Authority can receive prompt and speedy consideration.

d. If any revisions or corrections of plans approved by the Authority will be required by a governmental official, authority, department or bureau having jurisdiction over the development of the Property, Developer and the Authority will cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative. Neither the Authority nor Developer will unreasonably withhold approval of a mutually acceptable alternative.

Section 4.05 Authority Approval of Plans, Drawings and Related Documents

a. As provided in Section 4.04, the Authority will have the right of reasonable review (including, but not limited to, architectural review) of all plans, drawings and related documents for the development of the Property, including any proposed changes therein. The Authority will approve or disapprove such plans, drawings, and related documents referred to in this Agreement (and any proposed changes therein), in writing, within the times established in the Schedule of

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Performance. Any disapproval will state, in writing, the reasons for disapproval. Developer, upon receipt of the Authority's disapproval will revise such portions of the plans, drawings or related documents in a manner that satisfies the reasons for disapproval and resubmit such revised portions to the Authority as soon as possible after receipt of the notice of disapproval. The Authority will approve or disapprove such revised portions in the same manner and within the same times as provided in this Section 4.05 for approval or disapproval of plans, drawings, and related documents initially submitted to the Authority. No matter once approved will be subsequently disapproved.

b. The Authority and the Developer acknowledge that Developer is required to submit plans, drawings and related documents for the development of the Property to the City for design approval. In the event of any conflict between the requirements of the Authority and the requirements of the City's Historic Review Commission in approving, disapproving or conditioning any submission of plans, drawings or related documents, the determination of the Authority in its capacity as ground lessor and lender will govern with regard to the performance of this Agreement.

Section 4.06 Cost of Construction

a. The cost of acquiring the Property and developing and constructing the Improvements thereon will be the responsibility of the Developer, as provided in the Method of Financing. The Acquisition and Development Costs are set forth in the Project Budget (Attachment No. 6), which will be subject to change from time-to-time as provided in the Method of Financing. Developer will establish procurement procedures to ensure that materials and services are obtained in a cost-effective manner.

b. Developer has proposed, and the Authority has approved, the Project Budget appended to this Agreement as Attachment No. 6. Developer acknowledges that the Authority is relying on Developer's experience and expertise in establishing the Acquisition and Development Costs for the Project and Developer represents and warrants that the Project Budget is based on Developer's best, good faith estimate of the costs to be incurred.

Section 4.07 Schedule of Performance

a. Developer and Authority will perform all acts respectively required of such party in this Agreement within the times provided in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by Developer and the Authority Executive Director.

b. After the Construction Financing Event, Developer will promptly begin and thereafter diligently prosecute to completion the construction of the Improvements as provided in the Scope of Development. Developer will begin and complete all construction and development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by the Authority, including any Force Majeure Delays. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by Owner and the Authority, such revision approval may be denied by either party in its sole discretion.

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c. During periods of construction, Developer will submit to the Authority a written report of the progress of the construction when and as requested by the Authority. The report will be in such form and detail as may be reasonably required by the Authority and will include a reasonable number of construction photographs (if requested) taken since the last report by Developer. Developer will meet with the Authority as requested during construction to discuss the resolution of any concerns the Authority might have. Representatives of the Authority will have the right to participate in weekly construction meetings and will have the right to approve proposed finishes, colors, fixtures, and like matters.

Section 4.08 Local, State and Federal Laws

a. Developer will carry out development, construction (as defined by applicable law) and operation of the Improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, the requirement to pay state or federal prevailing wages, if applicable). Developer expressly covenants and warrants that, as required for disbursement of the HOME Loan, it will comply with all applicable laws, ordinances, codes, rules and regulations of the federal government, and all amendments thereto, including, but not limited to: Title 8 of the Civil Rights Act of 1968 PL.90-284; Executive Order 11063 on Equal Opportunity and Housing; Section 3 of the Housing and Urban Development Act of 1968; the Housing and Community Development Act of 1974, as well as all requirements set forth in the HOME Regulations. Developer agrees to comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). Developer further warrants and agrees to include or cause to be included the criteria and requirements of this paragraph in every non-exempt contract in excess of \$100,000.

b. Developer hereby expressly acknowledges and agrees that neither the City of Glendale nor the Authority has ever previously affirmatively represented to the Developer or its contractor(s) for the Improvements in writing or otherwise, in a call for bids or otherwise, that the work to be covered by the bid or contract is not a “public work,” as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer will have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other similar law. Developer will indemnify, protect, defend and hold harmless the Authority, the City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Authority and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or “increased costs” (including reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) (collectively, the “Claims”) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, the

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requirement to pay state prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other similar law.

c. It is agreed by the parties that, in connection with the development, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer will bear all risks of payment or non-payment of state prevailing wages and/or Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, and/or any other similar law. "Increased costs" as used in this Section 4.08 will have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time.

d. The foregoing indemnity will survive termination of this Agreement and will continue after Completion, but will exclude any Claims resulting from the gross negligence and/or willful misconduct of the City and/or the Authority.

Section 4.09 Nondiscrimination During Construction

Developer, for itself and its successors and assigns, agrees that during the construction of the Improvements provided for in the Agreement, Developer will not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any employees, contractors or consultants. Developer understands and agrees that violation of this clause will be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language must be incorporated into all contracts between Developer and any contractor or consultant, and all contracts with any subcontractor, sub-consultant, vendor or supplier.

Section 4.10 Copeland Anti-Kickback Act

Developer will comply with the provisions of the Copeland Anti-Kick-Back Act (18 U.S.C. 874) as supplemented in the Department of Labor regulations (29 CFR Part 3), as amended. Developer warrants and agrees to include or cause to be included this requirement in every nonexempt subcontract. Developer also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

Section 4.11 Contract Work Hours and Safety Standards Act

Developer will comply with the provisions of sections 103 and 107 of the Contract Work Hours and Safety Standard Act (40 U.S.C. 327-330) as supplemented by the Department of Labor regulations (29 CFR, Part 5), as amended. Developer warrants and agrees to include or cause to be included this requirement in every nonexempt contract. Developer also agrees to take such action as the federal, state or local government may direct to enforce aforesaid provisions.

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Section 4.12 Indemnification and Insurance

a. Developer agrees to and will, to the fullest extent permitted by law, defend, indemnify and hold the Authority, the City of Glendale and their respective officers, employees, contractors and agents harmless from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of, in whole or in part, any of the following: (1) any act or omission of Developer or its architect, engineer, contractors, suppliers, or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable, in connection with the performance or nonperformance of this Agreement, including but not limited to the development, rehabilitation, marketing or use of the Property in any way, and any plans or designs for improvements prepared by or on behalf of Developer, including without limitation any errors or omissions with respect to such plans or designs; (2) the breach of any obligations of Developer hereunder; and (3) the use of any products, material or equipment furnished by Developer or its contractors, suppliers, or vendors, of any contracting tier. Such obligation to indemnify will not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 4.12. The foregoing indemnification will apply to the extent of the violation of a legal duty, including but not limited to active or passive negligence, strict liability, breach of contract, or intentional or willful misconduct, by Developer or its architect, contractors, suppliers, or vendors, of any contracting tier, or anyone directly or indirectly employed by any of them, or anyone for whose acts Developer may be liable. Indemnitees will be entitled to recovery of attorney's fees incurred as a result of Developer's failure to provide the defense and indemnity required by this Section 4.12. This Section 4.12 will survive the expiration or termination of this Agreement.

b. Prior to the Ground Lease Closing (except as provided in the next sentence), Developer will furnish or cause to be furnished to the Authority evidence of the following policies of insurance, naming Developer as insured and the Authority and the City as certificate holders and, except as to the insurance described in paragraph b.(iv), below, the Authority and the City as additional insureds. The insurance requirements set forth in this subsection b. are subject to change prior to the Ground Lease Closing, as needed to satisfy Authority's then-applicable requirements. Evidence of insurance must include additional insured endorsements naming both the Authority and the City as additional insureds and including a primary insurance and waiver of contribution clause, a separation of insureds clause and a cancellation notice clause, in the form provided by the Authority. The insurance described in paragraph (ii) will be obtained prior to the initial rent-up of the apartments.

(i) Fire Policies: Developer will maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance will be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements, as defined herein in paragraph d.

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(ii) Rental Income Insurance: Developer will maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to Developer and the Authority.

(iii) Liability Insurance: Developer will maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of the Developer on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Developer or its sublessees, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Developer or its tenants, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance will also provide for and protect Authority against incurring any reasonable legal cost in defending claims for alleged loss. Such personal injury and property damage insurance will be maintained in full force and effect during the term of the Authority Loans in the following amounts: commercial general liability in a general aggregate amount of not less than Two Million Dollars (\$2,000,000); and not less than One Million Five Hundred Thousand Dollars (\$1,500,000) of bodily injury and property damage insurance. It is the mutual intent of the parties that the levels of insurance coverage described herein will be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time during the term of the Authority Loans, and from time to time, either party may provide notice to the other party that the level of insurance being maintained by Developer is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated will be changed (either increased or decreased) accordingly. The party receiving such request will not unreasonably withhold its consent to such change. Developer agrees that provisions of this paragraph as to maintenance of insurance will not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Authority or the payment of damages to persons or property resulting from Developer's activities, activities of its tenants or the activities of any other person or persons for which Developer is otherwise responsible. Developer will require its insurer to waive its subrogation rights against the Authority and the City and will provide endorsements evidencing same.

(iv) Workers' Compensation Insurance: Developer will maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance will cover all persons employed by Developer in connection with the Property and will cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily

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injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Developer. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Lessee will deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities. If Developer is required to maintain Workers' Compensation Insurance under this paragraph, Developer will furnish the Authority with a certificate of waiver of subrogation under the terms of the Workers' Compensation Insurance. Developer will require its general contractor to waive subrogation and will require that its subcontractors waive subrogation to the extent that such a waiver is commercially available.

c. All policies hereunder will not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing will have been sent by registered mail addressed to the Authority and the City not less than 30 days in advance of the effective date, except for cancellation for nonpayment of premium, in which event notice will be given not less than ten days in advance of the effective date. All policies will name the Authority, Developer and/or any general contractor as insureds, additional insureds, and/or loss payable parties as their interests may appear.

d. The term "full insurable value" as used in this Section 4.12 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Developer will cause the full insurable value to be determined from time to time by appraisal by the insurer, by the insurer's automatic inflationary measure if acceptable to the Developer and the Authority, by agreement between Developer and Authority or by an appraiser mutually acceptable to Authority and Developer, not less often than once every three years.

e. All insurance provided under this Section 4.12 will be for the benefit of Developer, Authority and City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this Section 4.12, or certificates and endorsements evidencing the existence thereof, to Authority within 30 days prior to the Ground Lease Closing, indicating full coverage of the contractual liability imposed hereby. Within thirty (30) days, if practicable, but in any event prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, will be submitted to Authority. All insurance herein provided for under this Section 4.12 will be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California reasonably approved by Authority.

f. Developer must cause all contractors and subcontractors performing work relating to the Project to maintain, at a minimum, the liability insurance and workers compensation insurance described in this Section 4.12. Developer must also cause its architects and engineers to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on a

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“claims made basis” in an amount of not less \$1,000,000. When coverage is provided on a “claims made basis”, Developer must cause all contractors and subcontractors to continue to renew the insurance for a period of five (5) years after the end of the Construction Period. Such insurance must have the same coverage and limits as the policy that was in effect during the Construction Period, and cover Developer for all claims made by the Authority arising out of any acts or omissions of Developer, or its officers, employees or agents during the Construction Period.

g. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, Authority will have the right, at Authority’s election, and upon ten (10) days prior notice to Developer, to procure and maintain such insurance. The premiums paid by Authority will be treated as a loan, due from Developer, to be paid on the first day of the month following the date on which the premiums were paid. Authority will give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 4.13 Disclaimer of Authority Responsibility

Except as provided in this Agreement, the Authority neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the Property, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties will rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by the Authority or the City in connection with such matter is for the public purpose of providing affordable housing, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. Neither may Developer or any third party assert such review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party as a defense to the indemnification obligation set forth in Section 4.12 of this Agreement.

Section 4.14 Permits

Before commencement of construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Developer will, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other governmental authority affected by such construction, development or work.

Section 4.15 Rights of Access

Commencing upon the Ground Lease Closing, representatives of the Authority and the City will have the reasonable right of access to the Property, upon two (2) business days’ written notice to Developer (except in the case of an emergency, in which case Authority will provide such notice, if any, as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the improvements.

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Such representatives of the Authority or the City will be those who are so identified in writing by the Executive Director of the Authority.

Section 4.16 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Ground Lease Closing, Developer will pay prior to delinquency all real estate taxes and assessments assessed and levied on or against the Property. Prior to Completion, Developer will not place, or allow to be placed, on title to the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer will remove, or will have removed, any levy or attachment made on title to the Property (or any portion thereof), or will assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained will be deemed to prohibit the Developer from contesting the validity or amount of any tax assessment, encumbrance or lien, or to limit the remedies available to the Developer in respect thereto.

Section 4.17 Rights to Plans

a. Subject to the rights of the beneficiary of the Construction Loan Deed of Trust, all work product prepared pursuant to this Agreement, including (but not limited to), all Plans, construction documents, soils tests and similar reports, permits and other entitlements are hereby assigned to the Authority as security for Developer's obligations hereunder. In the event that this Agreement is terminated by the Authority, Developer will, within ten (10) business days of such termination, transmit all such work product to the Authority.

b. To effectuate the assignment described in paragraph a., concurrently with executing a contract with the project architect, Developer will execute and deliver to the Authority an Assignment of Agreements (the "Assignment"), substantially in the form attached to this Agreement as Attachment No. 17 in a form that is acceptable to the Authority Executive Director, granting to the Authority all of Developer's rights to: (1) the Plans prepared pursuant to this Agreement; (2) the contract between Developer and its architect; (3) all permits relating to the Project; and similar rights and property interests.

Section 4.18 Release of Construction Covenants

a. Promptly after Completion of the Improvements, as generally and specifically required by this Agreement and in particular the Scope of Development, the Authority will furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. The Authority will not unreasonably withhold such Release of Construction Covenants and such Release of Construction Covenants will be issued so long as Developer has constructed and developed the Property in accordance with this Agreement and substantially in accordance with the Plans approved by the Authority pursuant hereto. Such Release of Construction Covenants will be, and will so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

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b. The Release of Construction Covenants will be in such form as to permit it to be recorded in the official records of Los Angeles County. No Release of Construction Covenants will be recorded for less than the completed Improvements and development of the entire Property.

c. If the Authority refuses or fails to furnish a Release of Construction Covenants for the Property after written request from Developer, the Authority will, within thirty (30) days of the written request, provide Developer with a written statement of the reasons the Authority refused or failed to furnish a Release of Construction Covenants. The statement will also contain the Authority's opinion of the action Developer must take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, the Authority will issue its Release of Construction Covenants upon the posting of a bond by Developer with the Authority in an amount representing a fair value of the work not yet completed. If the Authority will have failed to provide such written statement within said 30-day period, Developer will be deemed to have received the Release of Construction Covenants.

d. The Release of Construction Covenants will not constitute evidence of compliance with or satisfaction of any obligation of Developer to the beneficiary of the Construction Loan Deed of Trust or any other Person. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

ARTICLE V. USE OF THE PROPERTY

Section 5.01 Use As Affordable Housing

a. Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that Developer, its successors and assigns will use the Property exclusively to provide affordable housing for Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households (except for one staff/manager's unit), in conformance with the Agreement Containing Covenants and the HOME Regulatory Agreement including common areas associated therewith. No change in the use of the Property will be permitted without the prior written approval of the Authority.

b. The Very Low Income HOME Units and the Low Income HOME Units must be operated in accordance with the following requirements:

1. The Very Low Income HOME Units and the Low Income HOME Units will be designated as floating HOME units. Prior to lease-up of the Project, Developer must identify the street address and unit number of the units that will be operated as Very Low Income HOME Units and Low Income HOME Units. Proposed changes to such units must be approved in advance by the Authority. Each substituted unit must be comparable in terms of size, features, and number of bedrooms to the originally designated HOME unit.

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2. The maximum monthly rent (including a reasonable utility allowance) may not exceed HOME Rents as set forth in Section 1.02 of this Agreement. The HOME rent limits published by HUD will include average occupancy per unit and adjusted income assumptions.

3. In accordance with the formula set forth in 24 CFR 92.252(e) and as required by 24 CFR 92.504 (c)(3)(ix), rents will remain affordable to Very Low Income HOME Tenants and Low Income HOME Tenants pursuant to this Agreement for not less than fifteen (15) years for rehabilitated HOME units and not less than twenty (20) years for newly constructed HOME units, following the date of issuance of a final Certificate of Occupancy by the City of Glendale.

4. Failure to comply with the affordability requirements of this Agreement or the HOME Regulatory Agreement, subject to the notice and cure periods in Section 6.01, is an event of default under the terms of the HOME Loan. Pursuant to the HOME Note evidencing the HOME Loan, the HOME Loan will be due and payable, subject to the notice and cure periods in Section 6.01, if the housing does not meet the affordability requirements of this Agreement and the HOME Regulatory Agreement.

5. Developer must submit its rent schedule and utility allowances thirty (30) days prior to initial rental of the units and on an annual basis thereafter. The Authority will review and approve or disapprove the proposed rent schedule and utility allowances for compliance with the maximum rent limitations contained in 24 CFR 92.252.

6. The Authority will provide updated HUD income and rent limits to Developer as they become available. As of the date of this Agreement, the applicable income and rent limits are as follows:

Los Angeles County
2021 HOME Program Income Limits

Household Size	Very Low Income	Low Income
1	\$41,400	\$66,250
2	\$47,300	\$75,700
3	\$53,200	\$85,150
4	\$59,100	\$94,600

Los Angeles County
2021 HOME Program Rent Limits

	Efficiency/Studios	One bedrooms
Very Low Income	\$1,035	\$1,108
Low Income	\$1,325	\$1,421

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For comparison purposes:

Fair Market Rent	\$1,369	\$1,605
65% Rent Limit	\$1,325	\$1,421
50% Rent Limit	\$1,035	\$1,108

7. Developer will be responsible for ensuring that the current operative HOME income and rent limits in effect at the time of the tenant's rental application will be used to determine initial tenant eligibility and conformance with HOME affordability requirements and that each tenant recertification is conducted using current HOME income and rent limits to assure compliance with HOME Regulations.

8. Income determination and rental rate adjustments will occur upon annual lease renewal. Any increase in rents for HOME-assisted units is subject to the provisions of existing leases, including the provision that rents may not be adjusted until leases are renewed. Developer must provide tenants with not less than thirty (30) days prior written notice before implementing any increase in rents.

9. Developer agrees that prior to the initial lease-up of the Project, Developer will consult with and obtain the approval of the Authority in developing an affirmative marketing plan for renting the Units. The affirmative marketing plan must comply with the requirements of 24 CFR 92.351.

10. No officer, employee, agent, official, consultant, or immediate family member of Developer (or immediate family member of an officer, employee, agent, official, or consultant of Developer) may occupy a HOME-assisted unit.

c. The Authority and its successors and assigns will have the right to monitor and enforce the covenants contained in this Section 5.01. Developer covenants that it will comply with the monitoring program established by the Authority to enforce said covenants. In complying with such monitoring program, Developer or its agent will prepare and submit to the Authority an annual occupancy report, financial information and income verification documents for each tenant and all supporting documentation, on forms provided by the Authority, setting forth the required information for the preceding year. On an annual basis, Developer or its agent will additionally submit to the Authority evidence of each tenant's continuing eligibility to occupy the unit. The Authority will review such reports for certification of continuing affordability of Units and eligibility of tenants.

Section 5.02 Management Plan; Annual Project Budget; Quarterly Report

a. Within the time set forth therefor in the Schedule of Performance, Developer will submit to the Authority Executive Director a Management Plan reasonably acceptable to the Authority Executive Director, describing the proposed plan for managing and operating the Property, including policies and procedures to assure accessibility to persons with disabilities. The

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Authority will provide Developer a draft Management Plan which Developer shall use to prepare the final Management Plan submitted to the Authority. Developer will manage and operate the Property in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by the Developer and the Authority Executive Director or designee, for the entire Restricted Period.

b. In addition, the Developer will submit on or before the first day of each fiscal year of the Restricted Period an estimated annual budget for management of the Property (the “**Annual Project Budget**”) in accordance with the Management Plan. The Annual Project Budget will include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project; and will show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Project Budget, including any amendments proposed by the Developer, will be subject to the approval of the Authority Executive Director, which approval will not be unreasonably withheld or delayed.

c. Beginning on the date of first occupancy, for each fiscal year of the Restricted Period, Developer will also submit on a quarterly basis a quarterly report for the management of the Property (the “**Quarterly Report**”) in a form that is reasonably acceptable to the Authority Executive Director. The Quarterly Report will include a profit and loss statement, budget to date figures, and occupancy report. Developer’s failure to timely submit the Quarterly Reports, after the Authority has provided written notice to Developer and at least seven business days to cure such failure, will cause the imposition of a monetary penalty of \$500 to be paid to the Authority. The Authority Executive Director, in his sole discretion may waive the requirement of the Quarterly Report for one or more quarterly reporting periods. However, such waiver will not operate to waive any subsequent requirement of the Quarterly Report for the Restricted Period upon written notice to Developer by the Authority Executive Director.

d. The Agreement Containing Covenants and the HOME Regulatory Agreement will contain appropriate provisions implementing this Section 5.02.

Section 5.03 Property Maintenance

a. Within the time set forth therefor in the Schedule of Performance, the Developer will prepare and submit to the Authority Executive Director or his designee for review and approval a program (the “**Maintenance Program**”) for the exterior and interior maintenance of the Property and the Improvements. The Authority will provide Developer a draft Maintenance Program which Developer shall use to prepare the final Maintenance Program submitted to the Authority.

b. The Maintenance Program will describe in reasonable detail the standards to be followed in maintaining the interior and exterior of the Improvements, including a schedule indicating the proposed frequency of each element of maintenance, and will include, at a minimum, the following: periodic cleaning of the interior and exterior of the Improvements, including

windows; removing graffiti; removing debris and waste materials and otherwise maintaining indoor and outdoor areas of the Property; maintaining any lawns, plants, shrubs and trees or other landscaping planted on the Property; performing inspections of all exterior features to determine whether repairs are required; conducting periodic protective treatments such as rust removal and caulking; conducting repairs to facades, roof, doors, windows and other exterior features; maintaining fencing and other security devices and systems; periodic repainting of the exterior; periodic repainting of the interior units and common areas; periodic replacing of the interior unit carpets; checking building systems, including, but not limited to the heating and cooling systems, smoke alarms and water heaters; checking interior unit appliances; and monitoring interior unit bathrooms for mold/mildew. The Maintenance Program, including any amendments proposed by the Developer, will be subject to the reasonable approval of the Authority Executive Director.

c. The Maintenance Program will describe the procedures for assuring compliance with the National Park Service's Standards for Rehabilitation, including but not limited to the following:

- (i) The historic character of the Improvements shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize the Improvements shall be avoided.
- (ii) Distinctive features, finishes and construction techniques or examples of craftsmanship that characterize the historic nature of the Improvements shall be preserved.
- (iii) Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical or pictorial evidence.
- (iv) Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures shall be undertaken using the gentlest means possible.

d. At all times during the Restricted Period, the Developer will maintain the Property and the Improvements in accordance with the approved Maintenance Program. To implement this requirement, Developer agrees to budget sufficient funds to pay for all reasonably anticipated costs (as indicated in the Annual Project Budget). In the event the Developer fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, and does not cure such failure within thirty (30) days following notice from the Authority, with such additional time as may be reasonably necessary to cure such default provided that Developer has commenced to cure within such thirty (30) day period and is diligently prosecuting the cure to completion, the Authority will have the right, but not the obligation, to enter the Property, correct any violation, and hold the Developer responsible for the cost thereof, and such cost, until paid, will constitute a lien on the Property. Prior to undertaking any work to correct any such

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maintenance deficiency, the Authority will provide written notice that the Developer must correct the deficiency within a reasonable time. The Developer will have a reasonable time in which to comply following such notice from the Authority.

e. The Agreement Containing Covenants and the HOME Regulatory Agreement will contain appropriate provisions implementing this Section 5.03.

Section 5.04 Obligation to Refrain from Discrimination

a. Developer covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there will be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor will Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property.

b. All deeds, leases or contracts will contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor will the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants will run with the land.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status will not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code will also apply to the preceding paragraph.

2. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or

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through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there will be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor will the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status will not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code will also apply to the preceding paragraph.

3. In contracts: There will be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor will the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

Section 5.05 Equal Employment Opportunity

During the term of this Agreement, Developer agrees as follows:

a. Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin(s). Developer will take affirmative action to ensure the applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin(s). Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Developer agrees to post in conspicuous places,

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available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

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

c. Developer will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the labor union or worker's representative of Developer's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. Developer will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. Developer will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Authority and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and order.

f. If Developer is found to be in noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and Developer may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulations, or order of the Secretary of Labor or as otherwise provided by law.

g. Developer will include the provisions of paragraphs (a) through (g) of this Section 5.05 in every contract or purchase order related to the Project unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each contractor or vendor providing services related to the Project. Developer will take such action with respect to any contract or purchase order as the Authority may direct as a means of enforcing such provisions, including sanctions for noncompliance.

Section 5.06 Labor, Training, and Business Opportunity

Developer agrees to comply with the federal regulations governing training, employment and business opportunities, including but not limited to Section 3 of the Housing and Urban Development Act of 1968, to the extent such regulations apply to Developer. Compliance with the provisions of Section 3, the regulations set forth in 24 Code of Federal Regulations and all applicable rules and orders of the Department of Housing and Urban Development issued thereunder prior to the execution of this Agreement will be a condition precedent to federal financial assistance being provided to the Project as well as a continuing condition, binding upon

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the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements will subject Developer, its contractors and subcontractors, its successors, and assigns to those sanctions specified by 24 Code of Federal Regulations as well as with any and all applicable amendments thereto.

Section 5.07 Effect and Duration of Covenants

The covenants established in this Agreement will run with the land, without regard to technical classification and designation, and will be for the benefit and in favor of Authority, its successors and assigns, and the City. The covenants described in this Part 5 will commence upon the Ground Lease Closing and will be set forth in the Agreement Containing Covenants and the HOME Regulatory Agreement and will remain in effect for the respective periods specified therein.

Section 5.08 Enforcement of Covenants

The Authority and the City are deemed beneficiaries of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The Authority will have the right if the covenants contained in this Agreement are breached and such breach is not cured within the time periods set forth in Section 6.01, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings, including but not limited to an action for specific performance, to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.

Section 5.09 Monitoring

a. The parties acknowledge that, due to the Authority's use of Low and Moderate Income Housing Asset Fund, this Agreement is subject to the provisions of Health and Safety Code section 33418 (as applied by Health & Safety Code section 33476.1), which provides in pertinent part:

“(a) An Authority will monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an Authority will require Developers or managers of the housing to submit an annual report to the Authority. The annual reports will include for each rental unit the rental rate and the income and family size of the occupants... The income information required by this section will be supplied by the tenant in a certified statement of a form provided by the Authority.”

Developer will submit to the Authority on an annual basis the report required by Section 33418. The annual report will include for each residential unit the rental rate and the income and family size of the occupants. The income information will be supplied by the tenant in a certified

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statement on a form provided by the Authority. Developer will provide for the submission of such information in its lease or occupancy agreement with tenants.

b. On an annual basis, Developer will submit to the Authority information on rents and occupancy of the Very Low Income HOME Units and the Low Income HOME Units to demonstrate compliance with the income and affordability requirements of 24 CFR 92.252 and this Agreement. Developer must also provide the Authority with information regarding HOME-unit substitution and filling of vacancies sufficient to demonstrate that the Project remains in compliance with HOME rental occupancy requirements.

Section 5.10 Agreement Containing Covenants; HOME Regulatory Agreement

Concurrently with the Ground Lease Closing, Developer and Authority will execute and deposit with the Escrow Agent an Agreement Containing Covenants substantially in the form attached to this Agreement as Attachment No. 10, and a HOME Regulatory Agreement substantially in the form attached to this Agreement as Attachment No. 11.

ARTICLE VI. DEFAULTS AND REMEDIES

Section 6.01 Defaults - General

a. Subject to the Force Majeure Delay, as provided in Section 7.04 and the cure periods provided herein, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and will complete such cure, correction or remedy with reasonable diligence.

b. The injured party will give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice will not constitute a waiver of any default, nor will it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default will not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies will not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party will give the party in default written notice of such default. The party in default will have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party will give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the party in default will have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not

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reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default will have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party.

e. If Developer fails to take corrective action or cure the default within a reasonable time, the Authority will give the Senior Lender and, as provided in paragraph f., below, the Investor Limited Partner notice thereof. Subject to the terms of the Limited Partnership Agreement, the Investor Limited Partner may take such action, including removing and replacing the general partner or managing member of the Developer with a substitute general partner or member, who will effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The Authority agrees to accept cures tendered by any Senior Lender or Investor Limited Partner within the cure periods provided herein. Additionally, in the event the Senior Lender or Investor Limited Partner is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Developer or the general partner of Developer, the Authority agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which the Senior Lender or Investor Limited Partner is so precluded from acting, not to exceed ninety (90) days, provided such Investor Limited Partner and Senior Lender are otherwise in compliance with the foregoing provisions. In no event will the Authority be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

f. Authority will send to the Investor Limited Partner a copy of all notices of default and all other notices that Authority sends to Developer, at the address for the Investor Limited Partner provided in the LMIHAF Note. The Authority agrees to accept cure by the Investor Limited Partner on behalf of Developer of any default hereunder on the same terms as cure by Developer.

Section 6.02 Institution of Legal Actions

Subject to the notice and cure provisions of Section 6.01, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 6.03 Applicable Law

The laws of the State of California will govern the interpretation and enforcement of this Agreement, without reference to the principles relating to conflicts of laws.

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Section 6.04 Acceptance of Service of Process

a. If legal action is commenced by the Developer against the Authority, service of process on the Authority will be made by personal service upon the Executive Director of the Authority, or in such other manner as may be provided by law.

b. If legal action is commenced by the Authority against the Developer, service of process on the Developer will be made by personal service upon the Developer (or upon a general partner, managing member or officer of the Developer) and will be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 6.05 Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies will not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 6.06 Damages

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 6.01 and the non-recourse provisions of Section 6.11, the defaulting party will be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting party with respect to such default.

Section 6.07 Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 6.01, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 6.08 Termination by Either Party

Prior to the Ground Lease Closing, either party will have the right to terminate this Agreement in the event (i) the other party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 6.01 or (ii) the parties mutually determine that, despite using good faith commercially reasonable efforts, Developer will be unable to obtain the necessary financing for the Project.

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Section 6.09 Termination by Developer

Prior to the Ground Lease Closing, subject to the notice and cure provisions of Section 6.01, Developer will have the right to terminate this Agreement, by providing written notice to the Authority, in the event of a default by Authority pursuant to this Agreement.

Section 6.10 Termination by Authority

a. In accordance with 24 CFR 85.43 and subject to applicable notice and cure periods, suspension or termination of this Agreement may occur if Developer materially fails to comply with any term of the award of HOME Funds, and the award may be terminated for convenience in accordance with 24 CFR 85.44, subject to applicable notice and cure periods.

b. Subject to the notice and cure provisions of Section 6.01, the Authority will have the right, prior to the Ground Lease Closing, to terminate this Agreement, by providing written notice to Developer, in the event of a default by Developer or failure of any condition precedent to the occurrence of the Ground Lease Closing which is in the control of Developer, including but not limited to the following:

1. Developer fails to submit to the Authority evidence of financing or fails to satisfy any other condition precedent to the occurrence of the Ground Lease Closing as provided in the Method of Financing within the time established therefor in the Schedule of Performance; or

2. Developer (or any successor in interest) assigns or attempts to assign any of Developer's rights in and to the Property or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement; or

3. Except for a Permitted Transfer, there is substantial change in the ownership of the Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 1.06.b. of this Agreement; or

4. Developer fails to submit any of the reports, plans, drawings and related documents required by this Agreement by the respective dates provided in this Agreement.

c. After the Ground Lease Closing, but before Completion, Authority will have the additional right to terminate this Agreement in the event any of the following defaults will occur:

1. Developer fails to commence construction of the Improvements as required by this Agreement and such breach is not cured within the time provided in Section 6.01 of this Agreement; or

2. Developer abandons or substantially suspends construction of the improvements and such breach is not cured within the time provided in Section 6.01 of this Agreement; or

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3. Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 6.01 of this Agreement; or

4. Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 6.01 of this Agreement.

d. Notwithstanding the foregoing, the Authority will have the right to terminate this Agreement upon a final determination by state or federal court or the California Fair Political Practices Commission, subject to cure rights or appeal, of a criminal, material, and/or repeated violation of local, state, or federal campaign finance laws by Developer or a general partner of Developer or a member of such general partner or an officer or other Person exercising management or control over such member.

Section 6.11 Limited Recourse Obligations

a. Subject to the provisions and limitations of this Section 6.11, the obligation to repay the Authority Loans is a nonrecourse obligation of the Developer. Developer and each general partner or limited partner of Developer will not have any personal liability for repayment of the Authority Loans, except as provided in this Section 6.11. The sole recourse of Authority will be the exercise of its rights against the Property and other security for the Authority Loans. Provided, however, that the foregoing will not (a) constitute a waiver of an obligation evidenced by the LMIHAF Note, the Measure S Note, the HOME Note, or the Authority Deed of Trust; (b) limit the right of the Authority to name Developer as a party defendant in an action or suit for judicial foreclosure and sale under the LMIHAF Note, the Measure S Note, the HOME Note or the Authority Deed of Trust or an action or proceeding thereunder so long as no judgment in the nature of a deficiency judgment will be asked for or taken against Developer; (c) release or impair the LMIHAF Note, the Measure S Note, the HOME Note, or the Authority Deed of Trust; (d) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing the Authority Loans or as prescribed by law or in equity in case of default; (e) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing the Authority Loans; (f) relieve Developer of its obligations under an indemnity delivered by Developer to the Authority; or (g) affect in any way the validity of a guarantee (if any) or indemnity from any person of all or any of the obligations evidenced and secured by the LMIHAF Note, the Measure S Note, the HOME Note, or the Authority Deed of Trust. The foregoing provisions of this paragraph are limited by the provision that in the event of the occurrence of a default, Developer and its successors and assigns will have personal liability hereunder for any deficiency judgment, but only if and to the extent Developer, its principals, shareholders, partners or its successors and assigns received rentals, other revenues, or other payments or proceeds in respect of the mortgaged Property after

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the occurrence of such default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the mortgaged Property, ordinary and reasonable capital improvements to the mortgaged Property, debt service, real estate taxes in respect of the mortgaged Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Developer in connection with the operation of the mortgaged Property, which are then due and payable. Notwithstanding the first sentence of this paragraph, the Authority may recover directly from Developer or from any other party:

1. damages, costs and expenses incurred by the Authority as a result of fraud or criminal act or acts of Developer or a partner, shareholder, officer, director or employee of Developer, or of a member or general or limited partner of Developer, or of a general or limited partner of such member or general or limited partner;

2. damages, costs and expenses incurred by the Authority as a result of misappropriation of funds provided for the construction of the Improvements, rents and revenues from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

3. any and all amounts owing by Developer pursuant to the indemnification regarding Hazardous Substances under the Environmental Indemnity, and

4. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority will pay Developer's reasonable court costs and attorneys' fees if Developer is the prevailing party in such enforcement or collection action).

ARTICLE VII. GENERAL PROVISIONS

Section 7.01 Notices

Formal notices, demands and communications between the Authority and the Developer and Investor Limited Partner will be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and the Developer, as designated in Section 1.04 and Section 1.05 hereof, and to the Investor Limited Partner at the address given in the LMIHAF Note. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 7.01. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, will be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof.

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Section 7.02 Conflicts of Interest

a. No member, official or employee of the Authority will have any personal interest, direct or indirect, in this Agreement nor will any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

Section 7.03 Nonliability of Authority Officials and Employees

No member, official, employee or consultant of the Authority will be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

Section 7.04 Force Majeure

In addition to specific provisions of this Agreement, performance by either party hereunder will not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 7.05 Inspection of Books and Records

a. Developer will maintain complete, accurate, and current records pertaining to the Property for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the Authority to inspect and copy records, during regular business hours upon reasonable advance notice. Records must be kept accurate and current.

b. The Authority reserves the right to inspect, monitors, and observe work and services performed by Developer at any and all reasonable times.

c. The Authority reserves the right to audit the records of Developer any time during the performance of this Agreement and for a period of five years after final payment is made under this Agreement.

d. If required, Developer will provide the Authority with a certified audit of Developer's records representing the January 1 – December 31 fiscal year during which the Project becomes Complete, pursuant to the requirements of OMB Circular A-133.

e. Access will be immediately granted to the Authority, HUD, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of Developer or its contractors for the purpose of performing audits and examinations or making copies and transcriptions. This requirement must be included in all contracts and subcontracts.

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Section 7.06 Approvals

a. Except as otherwise expressly provided in this Agreement, approvals required of Authority or Developer in this Agreement, including the attachments hereto, will not be unreasonably withheld or delayed. All approvals will be in writing. Except as otherwise expressly provided in this Agreement, failure by either party to approve a matter within the time provided for approval of the matter will not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter will not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the Authority will be deemed granted upon the written approval of the Authority's Executive Director or designee. Authority agrees to provide notice to Developer of the name of the Executive Director's designee on a timely basis, and to provide updates from time to time. Notwithstanding the foregoing, the Executive Director or designee may, in his or her sole discretion, refer to the governing body of the Authority any item requiring Authority approval; otherwise, "Authority approval" means and refer to approval by the Executive Director or designee.

Section 7.07 Real Estate Commissions

Neither the Authority nor the Developer will be liable for any real estate commissions, brokerage fees or finder fees which may arise from this transaction. The Authority and the Developer each represent to the other that it has employed no broker, agent, or finder in connection with this transaction.

Section 7.08 No Third Party Beneficiaries

This Agreement is made solely and specifically between the Authority and Developer and their respective successors and assigns; and, except as expressly provided otherwise in this Agreement, no other person will have any rights, interest or claims under this Agreement or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 7.09 Authority to Sign

Developer hereby represents that each person executing this Agreement on behalf of Developer has full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

Section 7.10 No Partnership

Nothing contained in this Agreement will be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause Authority to be responsible in any way for the debts or obligations of Developer or any other Person.

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Section 7.11 Compliance With Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer in any action or proceeding, whether Authority be a party thereto or not, that Developer has violated any such ordinance or statute in the development and use of the Property will be conclusive of that fact as between Authority and Developer.

Section 7.12 Binding Effect

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, will be binding upon and will inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

Section 7.13 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 7.14 Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

Section 7.15 Construction and Interpretation of Agreement

a. The language in all parts of this Agreement will in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction will be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, will be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby and each other term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there

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be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this “Agreement” mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking “herein,” “hereunder,” or “pursuant hereto” (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

Section 7.16 Entire Agreement, Waivers and Amendments

a. This Agreement will be executed in three duplicate originals each of which is deemed to be an original. This Agreement will constitute the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Authority or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and the Developer. This Agreement and any provisions hereof may be amended by mutual written agreement by the Developer and the Authority.

Section 7.17 Time for Acceptance of Agreement by Authority

This Agreement, when executed by Developer and delivered to Authority, must be authorized, executed and delivered by Authority within thirty (30) days after date of signature by Developer or this Agreement may be terminated by Developer upon written notice to Authority. The effective date of this Agreement will be the date when this Agreement has been executed by Authority.

05.16.22

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES ON FOLLOWING PAGE]

DRAFT

05.16.22

IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the dates set opposite their signatures.

“AUTHORITY”

THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE

Dated: _____, 2022

By: _____

Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____

Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

“DEVELOPER”

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

5674

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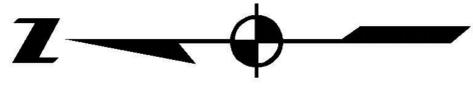
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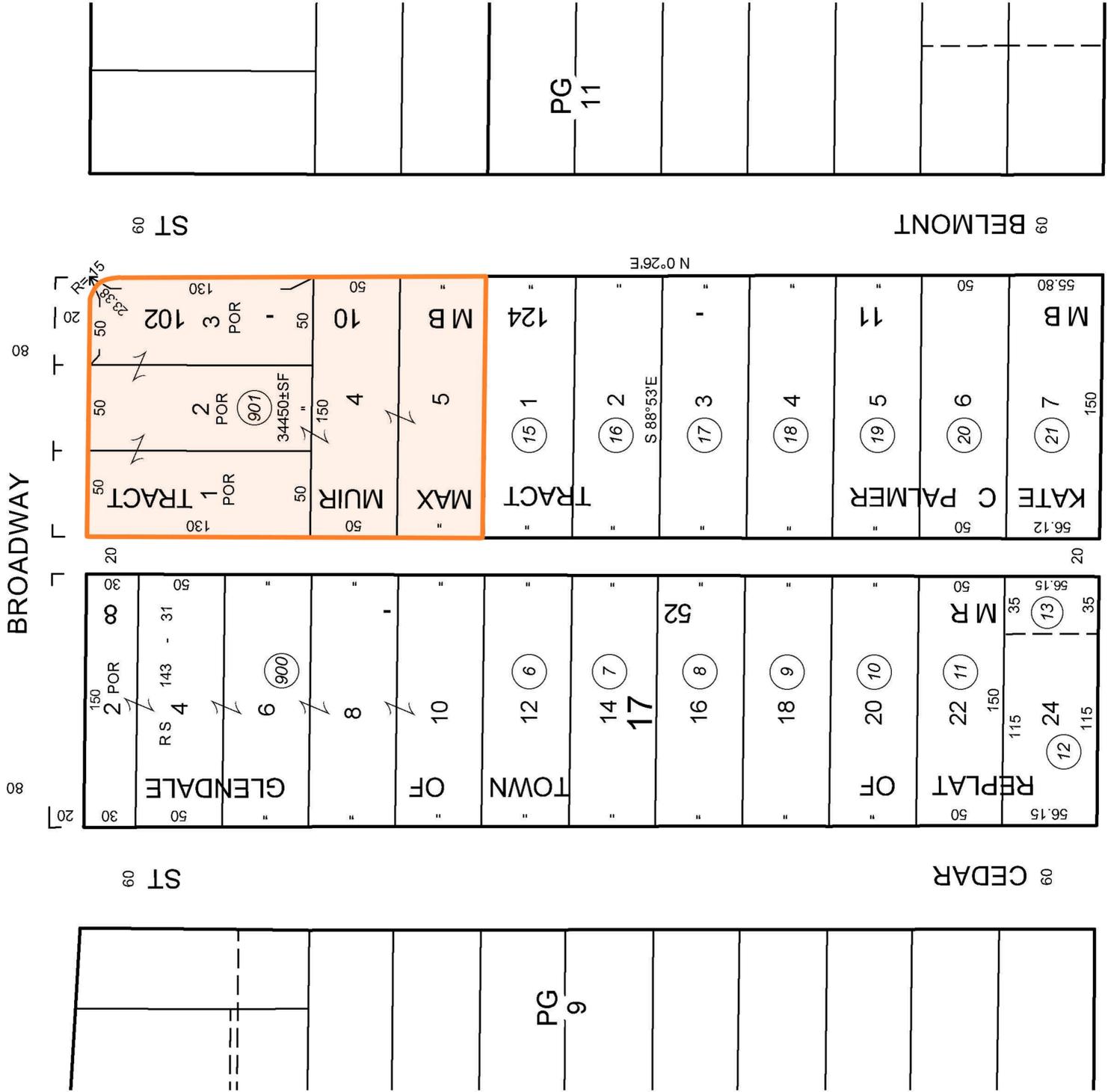
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OFFICE OF THE ASSESSOR
COUNTY OF LOS ANGELES
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2020



MAPPING AND GIS
SERVICES
SCALE 1" = 80'



ALL 900 SERIES PARCELS ON THIS PAGE ARE
ASSESSED TO GLENDALE HOUSING AUTHORITY,
UNLESS OTHERWISE NOTED.

ATTACHMENT NO. 2

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

DRAFT

ATTACHMENT NO. 3

METHOD OF FINANCING

This is the Method of Financing attached to the Affordable Housing Agreement between the Housing Authority of the City of Glendale (the “**Authority**”) and Harrower Village, L.P., a California limited partnership (“**Developer**”), relating to Developer’s construction of a 40-unit (including one manager’s unit) senior residential rental project, to be rented at Affordable Rents to Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households. Any capitalized term not otherwise defined herein will have the meaning ascribed to such term in the Affordable Housing Agreement.

The Project will be financed by a combination of construction and permanent loans, a LMIHAF Loan, a HOME Loan, a Measure S Loan, and Developer Equity derived from the syndication of the Nine Percent Tax Credits and Historic Rehabilitation Tax Credits. For purposes of this Agreement, “Nine Percent” refers to the applicable percentage of the qualified basis for a building that is not federally subsidized, as provided in Internal Revenue Code Section 42(b)(1). Additional sources of financing may include State Historic Tax Credits and AHP loan funds.

1. **Definitions.** Unless otherwise defined herein, capitalized terms will have the meanings ascribed to them in the Affordable Housing Agreement.

2. **Acquisition and Development Costs.** The parties estimate that the total Acquisition and Development Costs will be approximately \$29,468,731, of which approximately \$7,200,000 (including carrying costs) is allocated to acquisition costs and approximately \$22,268,731 is allocated to development, construction, and rehabilitation costs. The Measure S Loan in the total amount of \$8,357,000 consists of the Authority’s carry back of the fully capitalized rent under the Ground Lease in the amount of \$7,200,000 and a loan of construction to permanent funds in the amount of \$1,157,000. The HOME Loan consists of a loan of construction to permanent funds in the amount of \$1,800,000. The LMIHAF Loan consists of a loan of construction to permanent funds in the amount of \$543,000.

3. **Sources of Construction Financing.** The parties anticipate that the Acquisition and Development Costs will be financed during the Construction Period with the following combinations of funds:

- a. The Construction Loan, in the approximate original principal amount of \$15,791,380, to be secured by a first deed of trust.
- b. A second priority HOME Loan in the original principal amount of \$1,800,000, less a \$180,000 hold-back, equal to ten percent (10%) of disbursements during construction.

- c. A second priority LMIHAF Loan in the original principal amount of \$543,000, less a \$54,300 hold-back, equal to ten percent (10%) of disbursements during construction.
- d. A second priority Measure S Loan in the original principal amount of \$8,357,000, consisting of a \$7,200,000 land loan and a construction to permanent loan of \$1,157,000, less a \$115,700 hold-back, equal to ten percent (10%) of disbursements during construction.
- e. Costs deferred to Conversion in the amount of \$1,049,732, of which the following costs will be applied at conversion: \$131,332 to fund the Operating Reserve; \$17,000 to pay permanent financing costs; \$5,000 for Syndication Consulting; \$16,400 in TCAC fees, and \$880,000 in Developer Fee.
- f. Developer Equity consisting of: (i) advances and capital contributions made by Developer's Limited Partner, in the approximate amount of \$17,830,453; (ii) a cash contribution from Developer in the amount of \$100; and (iii) the deferral of a portion of the Developer Fee in the amount of \$880,000 ("**Deferred Developer Fee**"), \$880,000 of which will be paid at Conversion, with the \$0 balance of the Deferred Developer Fee to be paid from the net cash flow of the Project.
- g. Developer will be responsible during the Construction Period to provide funds if and as needed to pay for cost overruns and contingencies not otherwise funded by the sources of funds as described herein.

4. **Sources of Permanent Financing**. Developer must make every reasonable effort to structure the terms of the permanent financing in a way that will minimize the amount of the Authority Loans needed to fill the financing gap. The parties anticipate that the Acquisition and Development Costs will be financed during the Permanent Period with the following combinations of funds:

- a. The Permanent Loan, in the approximate original principal amount of \$574,000, to be secured by a first priority deed of trust;
- b. The HOME Loan described in paragraph 3.b above in the original principal amount of \$1,800,000, secured by a second priority deed of trust;
- c. The LMIHAF Loan described in paragraph 3.c above in the original principal amount of \$543,000, secured by a second priority deed of trust;
- d. The Measure S Loan described in paragraph 3.d above in the original principal amount of \$8,357,000, secured by a second priority deed of trust; and

- e. Developer Equity described in paragraph 3.f above, consisting of (1) the Deferred Developer Fee in the approximate amount of \$0 (to be paid to the extent available from the net cash flow of the Project) plus (2) Developer's cash contribution in the amount of \$100 plus (3) the initial Limited Partner's Capital Contribution of \$2,223,045, plus the additional Limited Partner's Capital Contribution in the approximate amount of \$15,607,408.

5. **Project Budget.** The parties anticipate that all Acquisition and Development Costs will be as set forth in the Project Budget attached to the Affordable Housing Agreement as Attachment No. 6, which is incorporated herein by this reference (the "**Project Budget**"). The Project Budget will be subject to change from time-to-time, subject to the prior written approval of the Authority Executive Director or designee (which approval will not be unreasonably withheld), upon which approval, the Project Budget will be replaced by the approved revised Project Budget. Within the respective times provided therefor in the Schedule of Performance, the Developer will obtain all approvals needed for the Construction Loan and demonstrate, to the satisfaction of the Authority Executive Director, that all Developer Equity will be available for payment or refinancing of Development Costs when and as required by this Method of Financing.

6. **Evidence of Financing.** The sum of the Construction Loan plus the Developer's Equity plus the Authority Loans will, at all times, be sufficient to pay all Acquisition and Development Costs as set forth in the most recently approved Project Budget. Prior to the Construction Financing Event, Developer will submit for Authority review and approval evidence of such financing, including: (a) copies of all documents required by the Construction Lender to obtain construction financing; (b) a firm commitment for the Permanent Loan and copies of all documents that will be required by Permanent Lender to obtain the Permanent Loan; and (c) the amended and restated limited partnership agreement upon inclusion of the Investor Limited Partner, including all exhibits thereto, and other documentation evidencing the availability of the Limited Partner Capital Contribution, and such other documentation as may be appropriate to evidence other Developer Equity. The Authority will not unreasonably withhold its approval.

7. **Authority Loans.**

a. In accordance with and subject to the terms and conditions of the Affordable Housing Agreement and this Method of Financing, the Authority agrees to make the LMIHAF Loan, the Measure S Loan, and the HOME Loan (individually and collectively, the "**Authority Loans**") to Developer and Developer agrees to borrow such funds for the purpose of paying Acquisition and Development Costs.

b. Developer hereby acknowledges that the Authority Loans are intended to be "gap" financing, not to exceed the amount needed to bridge the gap between the total Acquisition and Development Costs and the maximum Senior Loan obtainable by Developer plus the maximum amount of Developer's Equity set forth above but in any event not to exceed the dollar amount set forth above. If at any time Developer obtains additional financial assistance, Developer must promptly notify the Authority. The Authority and Developer will mutually agree upon appropriate procedures for reducing the Authority Loans to eliminate the over-subsidy.

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If an AHP loan is obtained for the Project, Developer must promptly notify the Authority. As determined by the Authority, in its sole discretion, the proceeds of any AHP loan shall be used to pay for any cost overruns for the Project or to eliminate the Developer's right to extend the Ground Lease by the 10 year "Extension Term" described in Section 301 of the Ground Lease.

c. The Authority Loans will be used exclusively to pay Acquisition and Development Costs identified in the Project Budget.

d. At the Ground Lease Closing, the Authority and Developer will execute and deliver such instruments and documents as may be necessary to evidence and secure the Authority Loans, consistent with the terms of the Affordable Housing Agreement and this Method of Financing, and each in a form that is acceptable to the Authority Executive Director or designee, including the following documents, as applicable, which are referred to as the "Authority Loan Documents":

1. Agreement Containing Covenants;
2. Notice of Affordability Restrictions on Transfer of Property;
3. Agreement Containing HOME Program Requirements;
4. Promissory Note evidencing the LMIHAF Loan;
5. Promissory Note evidencing the HOME Loan;
6. Promissory Note evidencing the Measure S Loan;
7. Authority Deed of Trust securing the LMIHAF Loan, the Measure S Loan, and the HOME Loan;
8. Assignment of Rents and Leases;
9. Assignment of Agreements;
10. Environmental Indemnity;
11. UCC-1 Financing Statement; and
12. Disbursement Agreement (this shall be executed at the Construction Financing Event rather than at the Ground Lease Closing).

8. **Subordination.**

a. The lien of the Authority Deed of Trust, but not the Agreement Containing Covenants or the HOME Regulatory Agreement, will be subordinate to the lien created by the Construction Loan Deed of Trust and the Permanent Loan Deed of Trust, and any other of the

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Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents.

b. Prior to the Construction Financing Event, the Executive Director of the Authority or designee will execute a Subordination Agreement that is consistent with applicable laws and regulations governing subordination of the LMIHAF Loan, the Measure S Loan, and the HOME Loan and is mutually acceptable to the Authority Executive Director or designee, the Construction Lender and Developer. The Subordination Agreement will subordinate the Authority Deed of Trust, but not the Agreement Containing Covenants, Notice of Affordability Restrictions, or the HOME Regulatory Agreement, to the Construction Loan Deed of Trust and other Senior Loan Documents. The subordination agreement must provide the Authority with all rights under California Civil Code Section 2924b and 2924c and must contain written commitments reasonably designed to protect the Authority's investment in the event of a default. Such written commitments will provide for, but not necessarily be limited to: (i) a right to cure a default on the Senior Loan deed of trust; (ii) a right to negotiate with Senior Lender after notice of default and prior to Senior Lender commencing foreclosure proceedings; (iii) a right to purchase Developer's leasehold interest in the Property at any time after a default on the Senior Loan (provided that the Ground Lease contains appropriate non-merger provisions); and (iv) an agreement that if prior to foreclosure of the Senior Loan, the Authority takes title to the Developer's leasehold interest in the Property and cures the default on the Senior Loan, the Senior Lender will not exercise any right it may have to accelerate the Senior Loan by reason of the transfer of title to the Authority.

9. **Recordation.** Upon the Ground Lease Closing, the Title Company will record the recordable Authority Loan Documents in accordance with instructions provided by the Authority, and will be prepared to issue to the Authority an ALTA policy of title insurance, insuring the Authority Deed of Trust as a first priority lien on the Property (until the Construction Financing Event when it will be subordinated to a second priority lien on the Property), in amounts and with endorsements as the Authority may determine is appropriate.

10. **Disbursement of Authority Loans.**

a. The Authority Loans will be disbursed for the payment of Acquisition and Development Costs in accordance with a disbursement agreement among the Authority, Construction Lender, and Developer, substantially in the form attached to the Affordable Housing Agreement as Attachment No. 19 or in such other form and substance that is mutually acceptable to the Authority, Construction Lender, and Developer (the "**Disbursement Agreement**").

b. The Authority Loans will be disbursed based on vouchers for actual expenses to be paid, accompanied by contractor/subcontractor invoices and other information and documentation (e.g., lien releases) requested or required by the Authority. The Authority will have the right to condition any disbursement upon receipt and approval of such documentation, evidence or information that it may request, including, but not limited to, vouchers, invoices, and architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed. Requests for HOME Loan disbursements must be submitted on forms specified by the Authority, with adequate and proper documentation of eligible costs incurred in

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compliance with 24 CFR 92.206 and necessary for HUD IDIS disbursement requirements. The Authority will have the right in its sole discretion to make disbursements of funds payable jointly to Developer and third parties entitled to such payment. The Authority will have the right to review and audit all records of Developer pertaining to disbursement of the Authority Loans. Developer must maintain such records for a period of not less than five years after Completion.

c. Disbursements upon Applications for Payment will be subject to a ten percent (10%) retention. Developer may submit a final invoice upon Completion. Final payment, including retention previously withheld, will be made according to the Disbursement Agreement.

d. Designated representatives of the Housing Authority will have the right to participate in weekly construction meetings during the construction of the Improvements and to approve proposed finishes, colors, fixtures, and like matters.

11. **Repayment Terms.** The repayment terms of the Authority Loans will be as set forth in the LMIHAF Note, the Measure S Note, and the HOME Note attached to the Affordable Housing Agreement as Attachments No. 12, 13, and 14, respectively.

12. **Conditions Precedent to Ground Lease Closing and Construction Financing Event**

a. The Ground Lease Closing is conditioned upon each of the following occurring to the satisfaction of, and in a form approved by, the Authority Executive Director:

1. Developer submits the evidence of insurance policies and the endorsements required by the Affordable Housing Agreement;
2. Title Insurance Company is prepared to issue the title insurance policies required by the Affordable Housing Agreement;
3. Developer duly executes and delivers to the Authority or into escrow the Ground Lease, the Memorandum of Lease, and the Authority Loan Documents (other than the Disbursement Agreement);
4. Developer duly executes and delivers into escrow the Density Bonus Housing Agreement with the City;
5. Authority Executive Director determines that Developer is not in default of its obligations to the Authority under the Affordable Housing Agreement; and
6. Any of the conditions precedent set forth in subsection b., below, for the Construction Financing Event as may be requested by the Authority Executive Director or designee.

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b. The Construction Financing Event is conditioned upon each of the following occurring to the satisfaction of, and in a form approved by, the Authority Executive Director prior to the time for the Construction Financing Event set forth in the Schedule of Performance:

1. Developer submits evidence that the final working drawings have been approved by the City, and, to the extent required by the Affordable Housing Agreement, the Authority Executive Director or designee;
2. Developer submits a copy of the general construction contract between the Developer and a licensed general contractor approved by the Authority Executive Director or designee, covering all construction required by the Affordable Housing Agreement and the approved final working drawings;
3. Developer submits for Authority approval copies of the mechanical, electrical, plumbing, and framing subcontracts and subcontracts for other trades identified by the Authority;
4. Developer submits for Authority approval copies of contracts with the architect, the property manager (which must contain a provision allowing Developer's termination of the management agreement without cause, upon thirty (30) days prior written notice), and other consultants and service providers identified by the Authority;
5. Developer submits a final Project Budget, current as of the Construction Financing Event date, demonstrating to the satisfaction of the Authority Executive Director or designee the availability of sufficient funds to pay all Acquisition and Development Costs;
6. Developer submits evidence satisfactory to the Authority Executive Director or designee that the Developer has financing commitments sufficient to pay all Acquisition and Development Costs in accordance with the Affordable Housing Agreement, including the Construction Loan, Permanent Loan, and Developer's Equity (including the Limited Partner Capital Contribution) in the respective amounts set forth in this Method of Financing;
7. Developer submits copies of final Construction Loan Documents;
8. Developer submits copies of Amended and Restated Limited Partnership Agreement (admitting Investor Limited Partner) or other final limited partnership agreement and related documents;
9. Developer submits evidence satisfactory to the Authority Executive Director or designee that Developer has satisfied all conditions precedent to

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the issuance of a building permit necessary for the construction of the Improvements, other than payment of fees (for which funds have been budgeted in the Project Budget) and conveyance of title;

10. Developer submits the Maintenance Program, including the Maintenance Budget, as required by the Affordable Housing Agreement;
11. Developer submits the Annual Project Budget for the first year of operation, as required by the Affordable Housing Agreement;
12. Developer submits the Management Plan, as required by the Affordable Housing Agreement;
13. Developer submits for Authority review and approval a Social Services Plan describing the social service programs to be provided to the Project, including a proposed budget;
14. Developer, Construction Lender, and Authority agree on a Disbursement Agreement providing for disbursement of the Authority Loans, Developer Equity, and Construction Loan;
15. Developer, Senior Lender, and Authority agree on Subordination Agreements;
16. Title Insurance Company is prepared to issue the title insurance policies required by the Affordable Housing Agreement; and
17. Authority Executive Director determines that Developer is not in default of its obligations to the Authority under the Affordable Housing Agreement.

Notwithstanding the foregoing, the Authority, in the sole discretion of the Authority Executive Director, may waive any of the foregoing conditions precedent to the Ground Lease Closing and/or Construction Financing Event. A waiver of any of the foregoing conditions will not operate in any way as a waiver, or estoppel with respect to, any subsequent or other failure to comply with such condition, or any other condition contained in the Affordable Housing Agreement, this Method of Financing, or any of the other Authority Loan Documents.

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

Harrower Village is the adaptive reuse and new construction of a 40-unit affordable housing development for low-income seniors (“Project”). The Project is located at 912-920 East Broadway and 117 S. Belmont Street, Glendale, CA 91205 (“Property”). The 33,450 square foot site comprises three existing buildings that were constructed between 1921 and 1924. In 1977, the Property was added to the Glendale Register of Historic Places. The historic buildings will be adaptively re-used for the Project and a new complementary two-story addition with basement will be added to the rear of the property.

The existing buildings are made up of Type III construction, with brick facades, concrete coping, flat roofs, and concrete foundations. Windows are primarily paired, one-over-one, double-hung wood windows with cast stone sills. With the exception of the paired wood doors at the primary entrance, the building’s exterior doors are metal.

The buildings’ structural systems were originally composed of unreinforced masonry bearing walls with wood framing infill for floor, roof, and interior wall assemblies. In 1994, the buildings were retrofitted to comply with the City of Glendale’s seismic retrofit ordinance. The retrofit included the addition of concrete shear walls, minor steel framing, and the anchoring of wood framing to the masonry diaphragm.

The historic structures will be rehabilitated in accordance with the Secretary of the Interior’s Standards for Rehabilitation and are intended to be listed on the National Register of Historic Places upon completion. The two-story building at 920 E. Broadway (former administration building on the north property line) will be rehabilitated and converted to 13 units of housing with two offices for property management and resident services; the single-story building with mezzanine and basement at 912 E. Broadway (former chemical manufacturing building on the west property line) will be rehabilitated and converted to three housing units and will also include the community room, laundry room and basement storage space for maintenance staff; and, the two-story building with basement at 117 S. Belmont Street (former clinic building on the east property line) will be rehabilitated and converted to 12 units of housing and resident storage in the basement. The mechanical, electrical, and plumbing systems in the existing structures will be replaced. The new systems will include energy and water efficiency features in compliance with the Green Building Code, California Energy Code, National Electrical Code, and Uniform Mechanical and Plumbing Codes.

The new addition at the rear of the property will be Type III construction and will attach to the south end of the west façade of 117 S. Belmont Street. The building will house 12 units in two stories plus a basement. It will be compatible with the historic buildings in terms of design, massing, size, and scale. The addition will be rectangular in plan and will have a smaller footprint than the historic buildings. The addition will be clad in a light-colored, unadorned brick veneer, compatible but differentiated from the red brick exteriors of the existing buildings. Fenestration will consist of simple flush doors with single sidelights and one-over-one aluminum windows that

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are roughly the size of the historic buildings' windows. The rectangular openings lining the exterior corridors along the addition's north façade (facing the courtyard) are the approximate dimensions of the historic buildings' paired double-hung windows.

When completed, the Project will consist of fourteen (14) studios with an average size of 505 square feet, twenty-five (25) one-bedroom units with an average size of 557 square feet, and one (1) two-bedroom manager's unit. Amenities will include on-site property management, resident services, a large, landscaped courtyard, community room, laundry room, and storage. The entire development amounts to approximately 38,037 total square feet. There will also be 22 covered, subterranean parking spaces (including one accessible parking space per building code) located on an adjacent property. It shall not be a default if the parking spaces are not provided through no default of Developer.

The lay-out of the building lends itself to the senior population that it is serving. All buildings surround the large, central courtyard allowing easy access to the abundant open space. This area will be used by residents for congregating, socializing, relaxing, and for programs created by the resident services provider. The community room and laundry room are also located immediately adjacent to the central courtyard, with each space complementing the other and allowing for expanded uses of those spaces.

Pursuant to TCAC's Enhanced Accessibility and Visitability policy, 50% of all units will be mobility accessible and the balance of the units will be adaptable. All common areas will be also be fully accessible. Elevators will serve each of the two-story buildings and provide an accessible path of travel to 100% of the units.

Finally, Harrower Village will also be designed, constructed, and operated to meet a minimum LEED Silver rating. The sustainability features of the Project will minimize impacts on the environment and create healthy living conditions for the residents. Prior to occupancy, each resident will also be provided with a Green Guide, which covers such topics as: green features of the building and units, recycling, green household products, green resources and information. Additional workshops will be provided for tenants to provide additional resources to live a green lifestyle.

ATTACHMENT NO. 5
SCHEDULE OF PERFORMANCE

1. Submittal - Management Plan and Maintenance Program. Developer will submit to the Housing Authority for approval the Management Plan (including a Tenant Selection and Eligibility Plan) and the Maintenance Program. Ninety (90) days after the Affordable Housing Agreement is approved by the Housing Authority.
2. Submittal – Affirmative Marketing Plan. Developer will prepare and submit to the Housing Authority for approval the Affirmative Marketing Plan described in paragraph b.9 of Section 5.01 of the Agreement. Ninety (90) days after the Affordable Housing Agreement is approved by the Housing Authority.
3. Submittal - Annual Project Budget. Developer will submit to the Housing Authority for approval a current Annual Project Budget for the first year of operation. Prior to submittal of the Affordable Housing Agreement to the Housing Authority for approval; revisions to the approved Annual Project Budget must be submitted for approval prior to the scheduled date for the Construction Financing Event.
4. Approval of Affordable Housing Agreement by the Housing Authority's Board of Commissioners. The Housing Authority will hold a public hearing on the Affordable Housing Agreement, and authorize the Executive Director to execute and deliver the Affordable Housing Agreement to the Developer. After staff approval of Developer's proposed annual project budget and after submission of executed Affordable Housing Agreement by Developer, estimated to be May 24, 2022.
5. Submittal - Basic Concept/Schematic Drawings. Developer will submit to the Housing Authority for approval the Basic Concept/Schematic Drawings and related documents. Completed.

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| <p>6. <u>Approval - Basic Concept/Schematic Drawings.</u>
The Housing Authority will approve or disapprove the Basic Concept/Schematic Drawings and related documents (site plans, elevations and preliminary floor plans).</p> | <p>Completed.</p> |
| <p>7. <u>Submittal - Final Construction Drawings and Specifications.</u> Developer will prepare and submit to the Housing Authority for approval the Final Construction Drawings and Specifications.</p> | <p>Estimated to occur by April 15, 2022</p> |
| <p>8. <u>Approval - Final Construction Drawings and Specifications.</u> The Housing Authority will approve or disapprove the Final Construction Drawings and Specifications.</p> | <p>Estimated to occur by June 1, 2022</p> |
| <p>9. <u>Submittal – Subcontracts.</u> Developer will submit to the Housing Authority for approval the subcontracts required by Section 4.03 of the Agreement.</p> | <p>One week prior to the scheduled date for the Construction Financing Event</p> |
| <p>10. <u>Submittal – Environmental Assessments.</u> Developer will deliver to the Housing Authority copies of the environmental assessments as required by Section 4.02 of the Agreement.</p> | <p>Completed.</p> |
| <p>11. <u>Submittal - Evidence of Financing.</u> Developer will submit to the Housing Authority substantially final Construction Loan documents, tax credit documents, and documentation of Developer Equity, as described in the Method of Financing.</p> | <p>Ten (10) days prior to the scheduled date for the Construction Financing Event.</p> |
| <p>12. <u>Approval of Financing.</u> The Housing Authority will approve or disapprove the evidence of financing.</p> | <p>Within ten (10) days after receipt of each such submittal of evidence of financing to the Housing Authority.</p> |
| <p>13. <u>Ground Lease Closing.</u> All conditions precedent to the Ground Lease Closing will have been satisfied.</p> | <p>Estimated to occur by June 2, 2022.</p> |

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| 14. <u>Construction Financing Event.</u> All conditions precedent to the Construction Financing Event will have been satisfied. | On or before June 30, 2022. |
| 15. <u>Submittal - Tenant Lease.</u> Developer will prepare and submit to the Housing Authority for approval the tenant lease with the lease provisions described in the Agreement Containing Covenants and the HOME Regulatory Agreement. | Ninety (90) days after the Affordable Housing Agreement is approved by the Housing Authority. |
| 16. <u>Approval – Management Plan, Tenant Selection and Eligibility Plan, Maintenance Program, Affirmative Marketing Plan, Tenant Lease.</u> The Housing Authority will approve or disapprove Developer’s proposed Management Plan, Tenant Selection and Eligibility Plan, Maintenance Program, Affirmative Marketing Plan, and Tenant Lease. | Within thirty (30) days after submittal of each item. |
| 17. <u>Commencement of Construction.</u> Developer will commence construction and rehabilitation of the Improvements on the Property. | Within sixty (60) days after the Construction Financing Event, but no later than August 31, 2022. |
| 18. <u>Completion of Construction.</u> Developer will complete construction and rehabilitation of the Improvements on the Property. | Not later than June 30, 2024, or such later date as may be approved by the Housing Authority and the California Tax Credit Allocation Committee. |
| 19. <u>Submittal – Identity of Very Low Income and Low Income HOME Units.</u> Developer will submit to the Authority for approval the street address and unit numbers of the proposed Very Low Income and Low Income HOME Units. | Thirty (30) days prior to initial lease-up of units. |
| 20. <u>Submittal – Rent Schedule.</u> Developer will submit its proposed rent schedule and utility allowance to the Housing Authority for approval. | Thirty (30) days prior to initial lease-up of units and on an annual basis thereafter. |

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**ATTACHMENT NO. 6
PROJECT BUDGET**

<u>Sources of Funds</u>	<u>Construction</u>	<u>Permanent</u>
Construction Loan	\$15,131,676	\$0
Permanent Loan	\$0	\$574,000
Glendale – HOME	\$1,800,000	\$1,800,000
Glendale – LMIHAF	\$543,000	\$543,000
Glendale – Measure S	\$8,357,000	\$8,357,000
Accrued Deferred Interest	\$364,178	\$364,178
LIHTC Equity – Federal	\$2,223,045	\$15,919,918
LIHTC Equity – Federal Historic		\$1,910,535
Deferred Costs	\$1,049,732	\$0
Deferred Developer Fee	\$0	\$0
Total Sources	\$29,468,731	\$29,468,731

Uses

Land/Acquisition Costs	\$7,215,000
Construction/Hard Costs	\$13,728,092
Architecture & Engineering	\$1,003,703
Permits & Fees	\$331,005
Financing Costs	\$1,406,230
Contingency Costs	\$2,543,538
Reserves	\$131,332
Other Soft Costs	\$909,831
Developer Fee	\$2,200,000
Total Uses	\$29,468,731

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GROUND LEASE

By and Between

THE HOUSING AUTHORITY
OF THE CITY OF GLENDALE

and

HARROWER VILLAGE, L.P.
a California limited partnership

(912 and 920 East Broadway & 117 S. Belmont Street)

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ATTACHMENTS

EXHIBIT A - LEGAL DESCRIPTION

EXHIBIT B - SITE MAP

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GROUND LEASE
BETWEEN THE HOUSING AUTHORITY OF THE CITY OF GLENDALE
AND HARROWER VILLAGE, L.P.

(912 and 920 East Broadway & 117 S. Belmont Street)

This Ground Lease (this “**Lease**”) dated as of _____, 2022, is entered into by and between the HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body corporate and politic (the “**Landlord**”) and HARROWER VILLAGE, L.P., a California limited partnership (the “**Tenant**”), and is made with reference to the following:

RECITALS

A. Landlord is the owner of that certain real property located within the City of Glendale, County of Los Angeles, State of California (the “**Property**”), as more particularly described in Exhibit A attached hereto and shown on the Site Map attached as Exhibit B, incorporated herein by reference.

B. To carry out its public purposes under the California Community Redevelopment Law (Health and Safety Code, §§ Sections 33000 *et seq.*) (the “**CRL**”), Measure S (the Glendale Quality of Life and Community Services Protection Measure, which enacted a .75% sales tax increase and was approved by Glendale voters in 2018) (“**Measure S**”), and the United States Department of Housing and Urban Development’s Home Investment Partnerships Program (“**HOME Program**”), Landlord desires to enter into this Lease with Tenant subject to and in accordance with all of the terms and conditions of the Affordable Housing Agreement (the “**AHA**”) dated as of May 24, 2022 by and between Landlord and Tenant.

C. The AHA requires the construction, operation, and maintenance on the Property of thirty-nine (39) affordable rental housing units for low income seniors (the “**Units**”) plus one manager’s unit, with ancillary parking through an Easement Purchase Contract dated January 26, 2022 (“**Parking Easement Purchase Agreement**”) and other facilities, all as described in the Scope of Development (the “**Project**”). The AHA contemplates that, during the term of this Lease, one (1) Unit will be rented at an Affordable Rent to an Extremely Low Income Senior Citizen Household, seven (7) Units will be rented at an Affordable Rent to Very Low Income Senior Citizen Households, and thirty-one (31) Units will be rented at Low Income Housing Tax Credit limits. All 39 units will be rented to Senior Citizen Households.

D. Pursuant to the AHA, and to assist in providing housing within the City of Glendale that is affordable to persons and families of low and moderate income by assisting in payment of

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the Acquisition and Development Costs for the Project, Landlord is making an LMIHAF Loan, a Measure S Loan, and a HOME Loan to Tenant.

E. Landlord and Tenant desire to enter into a seventy-five (75) year ground lease of the Property to allow the Tenant to construct operate and maintain the Project on the Property on the terms and conditions set forth in the AHA and herein.

NOW THEREFORE, it is mutually agreed by and between Landlord and Tenant as follows:

ARTICLE I DEFINITIONS

Capitalized terms used herein have the meanings given to them where first used in this Lease or as set forth in this Article 1. Unless otherwise defined herein, capitalized terms have the meanings given to them in the AHA.

“Acquisition and Development Costs” means all costs which are actually incurred by Tenant for the acquisition of Tenant’s leasehold interest in the Property and the financing, development, construction, and rehabilitation of the Project, and include, without limitation, all of the items of cost set forth in the final Project Budget and similar costs, fees and expenses as approved by Landlord’s Executive Director, but not including Operating Costs.

“Affiliate” means any Person directly or indirectly controlling, controlled by or under common control with another Person. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It will be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. For purposes of this definition, each general partner will be considered an “Affiliate” of Tenant.

“Agreement Containing Covenants” means the Agreement Containing Covenants entered into between Landlord and Tenant, dated and recorded on or around the date hereof, encumbering Tenant’s Leasehold Interest.

“Anti-Terrorism Laws” means all laws relating to terrorism or money laundering, including, without limitation, the Currency and Foreign Transactions Reporting Act of 1970, Pub. L. No. 91-508, 84 Stat. 1305 (1970), as amended from time to time.

“Assignment of Agreements” means the assignment by Tenant to Landlord (in its capacity as lender to the Project) of plans, contracts and permits for the Project, dated on or around the date hereof.

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“Assignment of Rents and Leases” means the assignment by Tenant to Landlord (in its capacity as lender to the Project) of rents and leases for the Project dated and recorded on or around the date hereof, encumbering Tenant’s Leasehold Interest.

“Authority Loans” means, individually and collectively, the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

“Authority Note” means, individually and collectively, the LMIHAF Loan, the Measure S Note, and the HOME Note.

“City” means the City of Glendale, California.

“Construction Financing Event” means the point in time when (i) all conditions precedent to the Construction Financing Event as set forth in the Method of Financing have been satisfied; (ii) this Lease is executed and delivered, and the Memorandum of Lease is recorded; and (iii) the Construction Loan Deed of Trust and other Construction Loan documents, the Authority Deed of Trust and other Authority Loan Documents are executed and recorded (as applicable).

“Conversion” means the point in time when the Permanent Loan has been funded, the additional Limited Partner Capital Contribution has been funded (less that portion, not to exceed 10%, of the Limited Partner Capital Contribution that will be funded upon receipt of Form(s) 8609), and the Construction Loan has been repaid in full.

“Environmental Indemnity” means the indemnity by Tenant for the benefit of Landlord dated on or around the date hereof.

“Force Majeure” or **“Force Majeure Event”** means the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of Landlord will not excuse performance by Landlord); the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay will deliver such written notice within ten (10) business days after it obtains actual knowledge of the event giving rise to a claim of Force Majeure.

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“Force Majeure Delay” means a delay in taking any action required by this Lease, proximately caused by the occurrence of a Force Majeure Event.

“General Partners” means Harrower Village GP, LLC, and other entity admitted as a general partner pursuant to the Limited Partnership Agreement and permitted under the terms of this Lease and the AHA.

“HOME Loan” means the loan from Landlord to Tenant in the original principal amount of \$1,800,000.

“HOME Note” means the promissory note from Tenant to Landlord, dated on or around the date hereof, evidencing the HOME Loan.

“HOME Regulatory Agreement” means the Agreement Containing HOME Program Requirements entered into between Landlord and Tenant, dated and recorded on or around the date hereof, encumbering Tenant’s Leasehold Interest.

“Improvements” means the improvements to be constructed on the Property in accordance with this Lease and the AHA, including but not limited to the Scope of Development.

“Investor Limited Partner” means the entity identified as the limited partner in Tenant’s Limited Partnership Agreement, and its successors and assigns.

“Leasehold Interest” means Tenant’s interest in the leasehold estate created by this Lease.

“Leasehold Mortgage” means a conveyance of a security interest in Tenant’s Leasehold Interest to a lender to the Project.

“Leasehold Mortgagee” means the authorized beneficiary of a Leasehold Mortgage.

“LMIHAF Loan” means the loan from Landlord to Tenant in the original principal amount of \$543,000.

“LMIHAF Note” means the promissory note from Tenant to Landlord, dated on or around the date hereof, evidencing the LMIHAF Loan.

“Measure S Loan” means the loan from Landlord to Tenant in the original principal amount of \$8,357,000.

“Measure S Note” means the promissory note from Tenant to Landlord, dated on or around the date hereof, evidencing the Measure S Loan.

“Memorandum of Lease” means the Memorandum of Lease dated and recorded on or around the date hereof, between Landlord and Tenant, encumbering Tenant’s Leasehold Interest.

“Method of Financing” means the Method of Financing attached to the Affordable Housing Agreement as Attachment No. 3.

“Operating Costs” has the same meaning as the definition of Operating Expenses set forth in the Authority Note.

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“**Permitted Leasehold Mortgage**” means a Leasehold Mortgage that satisfies all of the following conditions:

(a) The Leasehold Mortgage will secure a loan made for payment of Acquisition and Development Costs or for payment of the costs of rehabilitating or restoring the Improvements or for payment of other costs related to the Project or for the sole purpose of refinancing loans made for any of the foregoing permitted financing purposes so long as such refinanced loans are not in an amount greater than the loan(s) being refinanced.

(b) The Leasehold Mortgage will cover all of Tenant’s interest in the Lease, the Property, and the Improvements and will cover no interest in any other real property other than the Property.

(c) The Leasehold Mortgage will be without subordination of Landlord’s fee title to the Property.

(d) No Leasehold Mortgage permitted by this Lease will cover more than one indebtedness; that is, there will be no cross-collateralization permitted.

(e) A Leasehold Mortgage is to be originated only by a **Qualified Lender**. For the purposes hereof, the term “**Qualified Lender**” includes Wells Fargo Bank, National Association, and IMPACT C.I.L., LLC and means:

(i) the mortgagee of purchase money financing of a Permitted Transfer or other Transfer approved by Landlord;

(ii) one or a combination of the following lending institutions authorized under applicable California or federal law to make mortgage loans and not under any order or judgment of any court or administrative authority restricting or impairing its operation as a lender: a commercial or savings bank, a trust company, an insurance company, a savings and loan association, or a building and loan association or a consortium of other entity all of whose members are one or more of the foregoing;

(iii) a company engaged in the ordinary course of business as a lender with a net worth of not less than \$50,000,000, which is duly licensed or registered (if legally required) with a regulatory agency having jurisdiction over its operation, and is not under an order or judgment of any court or administrative authority restricting or impairing its operation as a lender, including, without limitation, the following: a real estate investment trust, an educational institution, a pension, retirement or welfare fund, a charity, or an endowment fund or foundation authorized to make loans in the State of California; and

(iv) governmental entities, government-sponsored entities, and other public bodies.

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912 and 920 East Broadway & 117 S. Belmont Street
Ground Lease

No Permitted Leasehold Mortgage will be binding upon Landlord in the enforcement of its rights and remedies herein, unless and until Landlord receives a copy of the fully executed original Permitted Leasehold Mortgage bearing the date and recording information, and a copy of the original note secured by the Permitted Leasehold Mortgage, each certified by either Tenant or the Permitted Leasehold Mortgagee, together with written notice of the address of the Permitted Leasehold Mortgagee to which notices may be sent. In the event of an assignment of such Permitted Leasehold Mortgage, such assignment will not be binding upon Landlord unless and until Landlord receives a copy thereof, certified by either the assignor or the assignee, bearing the date and recording information, together with written notice of the address of the assignee thereof to which notices may be sent.

“Permitted Leasehold Mortgagee” means the authorized beneficiary of a Permitted Leasehold Mortgage. Landlord and Tenant expressly acknowledge that Wells Fargo Bank, National Association, and its successors and assigns; IMPACT C.I.L., LLC, and its successors and assigns; and the Housing Authority of the City of Glendale, and its successors and assigns, are Permitted Leasehold Mortgagees for all purposes of this Lease.

“Permitted Transfer” means any of the following, provided (except for subsection f. below) Tenant, a General Partner of Tenant, or an Affiliate of such General Partner, retains day-to-day control over management and operations of the Property and the Improvements and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws:

- (a) An assignment of this Lease and Tenant’s Leasehold Interest to an Affiliate or a conveyance back from the Affiliate to Tenant;
- (b) A conveyance of a security interest in the Property or any portion thereof or interest therein, in connection with a Permitted Leasehold Mortgage;
- (c) The inclusion of equity participation in the Project by addition of limited partners or similar mechanism, and any transfers of limited partnership interests in Tenant’s partnership;
- (d) The lease for occupancy of all or any part of the Improvements on the Property in accordance with this Lease, the Agreement Containing Covenants, and the HOME Regulatory Agreement;
- (e) The granting of easements or permits to facilitate the development of the Property in accordance with the AHA;
- (f) The withdrawal, removal and/or replacement of a general partner of Tenant’s partnership pursuant to the terms of Tenant’s partnership agreement, or a conveyance of Tenant’s interest in the Property and the Improvements and/or a transfer of limited partnership interests to a General Partner pursuant to the option

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provided to that partner in Tenant's partnership agreement, will not constitute a default under this Lease or any of the Authority Loan Documents, nor will such actions accelerate the maturity of the Authority Loans, provided that unless the substitute general partner is an entity directly or indirectly controlled by Enterprise Community Asset Management, Inc., any required substitute general partner is reasonably acceptable to Landlord, as evidenced by Landlord's written consent, and is selected with reasonable promptness;

- (g) A transfer of Tenant's leasehold estate pursuant to Article XXII and
- (h) Any transfer approved in writing by Landlord's Executive Director or designee, at his or her sole discretion.

A transfer described in clauses a. or b. or c. will be subject to the reasonable approval of the Landlord's Executive Director or designee; provided that, Landlord approves the transfer of limited partner interests in Tenant's partnership, so long as such transfer is not a result of a resyndication of the Low Income Housing Tax Credits and does not otherwise result in increased equity participation in Tenant, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

"Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

"Prohibited Person" means any of the following:

- (a) a Person that is listed in or is otherwise subject to the prohibitions of, any Executive Order relating to money laundering or anti-terrorism;
- (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in or is otherwise subject to the prohibitions of, any Executive Order relating to money laundering or anti-terrorism;
- (c) a person or entity with whom Tenant or Investor Limited Partner is prohibited from dealing or otherwise engaging in any transaction by Anti-Terrorism Laws;
- (d) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control of the U.S. Treasury Department.

"Project Budget" means the most recently approved schedule of Acquisition and Development Costs in the form attached to the AHA as Attachment No. 6.

"Project Plans" means the architectural and construction plans and drawings prepared on behalf of Tenant for the Project in accordance with the AHA.

"Release of Construction Covenants" has the meaning set forth in Section 605 of this Lease.

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“**Schedule of Performance**” means the Schedule of Performance attached to the Affordable Housing Agreement as Attachment No. 5.

“**Scope of Development**” means the Scope of Development attached to the Affordable Housing Agreement as Attachment No. 4.

“**Senior Leasehold Mortgage**” means a Permitted Leasehold Mortgage which secures a Senior Loan.

“**Senior Loan**” means a loan used to pay a portion of the Acquisition and Development Costs, secured by a Permitted Leasehold Mortgage which is approved by the Housing Authority’s Executive Director as being senior in priority to the lien of the Authority Deed of Trust. The holder of the first priority Senior Loan is Wells Fargo Bank, National Association, as the construction and permanent lender.

“**Transfer**” means:

(a) the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

(b) “Transfer” also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of an interest in Tenant, or a conversion of Tenant to an entity form other than that of Tenant at the time of execution of this Lease, except that, a cumulative change in ownership interest of a general partner of Tenant of forty-nine percent (49%) or less will not be deemed a “Transfer” for purposes of this Lease.

Notwithstanding paragraphs (a) and (b), “Transfer” will not include Permitted Transfers.

ARTICLE II LEASE OF THE PROPERTY

Section 201 Purpose of Lease

The purpose of this Lease is to provide for the construction of a 40-unit apartment community and related amenities, in accordance with the AHA, and the maintenance, management, and operation of the Improvements, in accordance with the Agreement Containing Covenants, the HOME Regulatory Agreement, and applicable law. Tenant will not occupy or use the Property, or permit the Property to be used or occupied, nor do or permit anything to be done in, on or about the Property, in whole or in part, for any other purpose, or for any purpose not permitted by the AHA, this Lease, the Agreement Containing Covenants, the HOME Regulatory Agreement, and applicable law.

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Section 202 Leased Area

Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Property on the terms and conditions set forth in this Lease. Landlord also leases to Tenant, and Tenant leases from Landlord, Landlord's right, title and interest in and to any easements and rights of way, present or reversionary, which are appurtenant to the Property; provided however, that the Landlord reserves to itself, its successors and assigns, together with the right to grant and transfer all or a portion of the same, the following:

(a) Any and all oil, oil rights, petroleum, minerals, mineral rights, natural gas rights, and other hydrocarbon substances by whatsoever name known, geothermal resources, and all products derived from any of the foregoing, that may be within or under the land, together with the perpetual right of drilling, mining, exploring, prospecting and operating therefor and storing in and removing the same from the Property or any other land, including the right to whipstock or directionally drill and mine from lands other than those leased hereby, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Property, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines; without, however, the right to enter, drill, mine, store, explore or operate on or through the surface or the upper 500 feet of the subsurface of the Property; and

(b) Any and all water, water rights or interests therein, no matter how acquired by Landlord, together with the right and power to explore, drill, redrill, remove and store the same from the Property or to divert or otherwise utilize such water, water rights or interests on any other property owned or leased by Landlord, whether such water rights will be riparian, overlying, appropriative, percolating, littoral, prescriptive, adjudicated, statutory or contractual.

Notwithstanding the foregoing (a) or (b), such reservation shall be without any right to enter upon the surface of the Property in the exercise of such rights and, provided further, that the exercise of any such rights by Landlord will not result in any damage or injury to the improvements constructed on the Property by Tenant, including without limitation, any subsidence of all or any part of such improvements, or interfere with Tenant's operation of the Project.

Tenant is obtaining rights to certain parking spaces on an adjoining property pursuant to the Parking Easement Purchase Agreement. Such parking spaces are not part of the Property. It shall not be a default hereunder if the parking spaces are not developed pursuant to the Parking Easement Purchase Agreement through no default of Tenant.

Section 203 Assignment of Utility Rights

Landlord, by virtue of its fee title to the Property, may hold certain rights, entitlements or credits with respect to utility capacity, connections, etc. (the "**Utility Rights**"). Landlord hereby assigns said Utility Rights to Tenant as an incidence of its leasehold interest in the Property.

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Section 204 Recorded Encumbrances

This Lease and the interest of Tenant hereunder are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record affecting the Property.

ARTICLE III TERM

Section 301 Commencement and Term

The term of this Lease will commence upon the date of the Construction Financing Event and will continue thereafter until the seventy-fifth (75th) anniversary of the date of Conversion (“**Term**”), unless earlier terminated in accordance with its terms or extended in accordance with the option term described herein. Tenant shall have the right, but not the obligation, to extend the term of this Lease for an additional ten (10) year period (the “**Extension Term**”) upon the termination of the initial 75-year Term subject to the terms and conditions of Section 7.b. of the Method of Financing attached to the AHA as Attachment No. 3. If the Extension Term is allowable pursuant to Section 7.b. of the Method of Financing, Tenant shall give written notice of its election to exercise the Extension Term to Landlord at least 180 days, but not more than one year, prior to the expiration date of the initial lease Term. Tenant shall have no other right to extend the term beyond the Extension Term. If elected by Tenant as set forth herein, “**Term**”, as used herein, shall include the “**Extension Term**” (10) year period.

Section 301 Recordable Quitclaim Deed.

At the expiration or earlier termination of this Lease, Tenant will execute, acknowledge and deliver to Landlord, within thirty (30) days after written demand by Landlord, a valid and recordable quitclaim deed covering the Property and the Improvements, free and clear of all liens and encumbrances.

ARTICLE IV CONSIDERATION FOR THE LEASE

Section 401 Obligations and Covenants; Rent

Landlord is entering into this Lease with Tenant in consideration of Tenant’s obligations and covenants contained herein. Landlord will lease the Property to Tenant for a fully capitalized rent equal to \$7,200,000, which is equivalent to the fair market value of the Property (“**Rent**”). Landlord hereby acknowledges that Tenant prepaid the Rent in full upon the Construction Financing Event, using proceeds of the Authority Loans.

ARTICLE V USE OF THE PROPERTY AND SITE CONDITIONS.

Section 501 Use of the Property.

F. Tenant will use the Property solely for the construction of the Project, in accordance with this Lease and the AHA, including the Scope of Development, and for the maintenance and operation of the Project in accordance with this Lease, the Agreement Containing Covenants, and the HOME Regulatory Agreement. Accordingly, Tenant, its successors and assigns, will use the

Property exclusively to provide 40 units of rental housing, including one two-bedroom manager's unit. One (1) Unit will be rented at an Affordable Rent to an Extremely Low Income Senior Citizen Household, seven (7) Units will be rented at an Affordable Rent to Very Low Income Senior Citizen Households, and thirty-one (31) Units will be rented at Low Income Housing Tax Credit limits, subject to all of the terms and conditions of this Lease.

(a) The units will be allocated as follows:

(i) One (1) unit will be rented exclusively to an Extremely Low Income Senior Citizen Household at an Affordable Rent as provided in California Health and Safety Code Section 50053, consisting of one (1) one bedroom unit.

(ii) Seven (7) units will be rented exclusively to Very Low Income Senior Citizen Households at an Affordable Rent as provided in California Health and Safety Code Section 50053, consisting of five (5) studio units and two (2) one bedroom units.

(iii) Twenty-six (26) units will be rented exclusively to households meeting the fifty percent (50%) income limit under the Extended Use Agreement recorded against the Property in connection with the Tax Credits, consisting of the following: (a) nine (9) studio units; and (b) seventeen (17) one-bedroom units.

(iv) Five (5) units will be rented exclusively to households meeting the sixty percent (60%) income limit under the Extended Use Agreement recorded against the Property in connection with the Tax Credits, consisting of five (5) one-bedroom units.

(b) For purposes of this Agreement, the maximum incomes of eligible tenants for the Restricted Units described in paragraphs (a)(i) and (a)(ii) of this Section 501 will be determined on the basis of the income limits for Extremely Low Income and Very Low Income households in the Los Angeles-Long Beach SMSA, published approximately annually by the California Department of Housing and Community Development ("**HCD**"). If HCD discontinues publishing such income limits, the term "Extremely Low Income" shall mean a household income that does not exceed 30% of the area median income for the Los Angeles-Long Beach SMSA, published approximately annually by HCD ("**Area Median Income**"), adjusted for family size, and the term "Very Low Income" shall mean a household income that does not exceed 50% of the Area Median Income. For the term of the Tax Credits, in no case will household income exceed applicable Tax Credit income limits.

(c) Immediately prior to a prospective household's occupancy of a Restricted Unit, Tenant will obtain and maintain on file an income computation and certification form from such household dated immediately prior to the date of initial occupancy. Tenant will verify that the income information provided by an applicant is accurate by following all applicable Landlord policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtain two (2) pay stubs from the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an

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income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is reasonably satisfactory; or (v) obtain such other information as may be reasonably required. Tenant will update the foregoing records annually and provide copies of updated tenant eligibility records and monthly rental records to Landlord for review. Upon review of such records, Landlord may at its option perform an independent audit of the household eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Tenant will retain the records described in this Paragraph (e) for a period of five (5) years after the date each record was created.

(d) Rents charged to a Senior Citizen Household occupying a Restricted Unit may not exceed rents that are affordable to such households (as "**Affordable Rent**" is defined below). The maximum rents, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by a tenant of a Restricted Unit will be the lower of the maximum rent permitted to be charged for the unit pursuant to the Extended Use Agreement for so long as such requirements are applicable, and the maximum rent set forth below. For purposes of determining Affordable Rent under paragraphs (d)(i) and (d)(ii) below, household size appropriate to the unit will mean one person in the case of a studio and two persons in the case of a one-bedroom unit.

(i) In the case of a Senior Citizen Household occupying an Extremely Low Income Restricted Unit, the maximum rent will be a rent that does not exceed thirty percent (30%) of thirty percent (30%) of Area Median Income, adjusted for household size appropriate to the unit.

(ii) In the case of a Senior Citizen Household occupying a Very Low Income Restricted Unit, the maximum rent will be a rent that does not exceed thirty percent (30%) of fifty percent (50%) of Area Median Income, adjusted for household size appropriate to the unit.

(iii) In the case of a household occupying a unit described in paragraphs (a)(iii) and (a)(iv) of this Section 501, the maximum rent will be the maximum allowable rent under the Extended Use Agreement.

(e) Tenant, its successors or assigns, may not terminate a lease or refuse to renew the lease of a household described in this Section 501, except: for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; in order to comply with applicable requirements of federal law relating to the Low Income Housing Tax Credit, or for other good cause. Any termination or refusal to renew must be provided by Tenant's service upon such household of a written notice specifying the grounds for the action in the time and manner proscribed by law.

(f) The affordability requirement set forth in this Section 501 will continue in full force and effect for the full Term of this Lease, whether or not the Agreement Containing Covenants or the HOME Regulatory Agreement continue to be an encumbrance on the Property. Tenant will

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submit to Landlord on an annual basis the report required by Health and Safety Code section 33418. The annual report will include for each residential unit the rental rate and the income and family size of the occupants. The income information will be supplied by the occupants in a certified statement on a form provided by Landlord. Tenant will provide for the submission of such information in its lease or occupancy agreements for the Restricted Units.

Section 502 Compliance with Law.

Tenant will carry out the development, construction (as defined by applicable law), and operation of the Project on the Property, including, without limitation, any and all public works (as defined by applicable law), if any, in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, any applicable requirement to pay state prevailing wages). Tenant hereby agrees that Tenant will have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Tenant hereby agrees that Tenant will have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Tenant will indemnify, protect, defend and hold harmless Landlord, the City of Glendale, and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Landlord and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or “increased costs” (including labor costs, penalties, reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Chapter 804, Statutes of 2003; (3) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (4) failure by Tenant to provide any required disclosure representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Tenant to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Tenant hereby expressly acknowledges and agrees that neither City nor Landlord has ever previously affirmatively represented to the Tenant or its contractor(s) for the Project in writing or otherwise, that the work to be covered by the bid or contract is not a “public work,” as defined in Section 1720 of the Labor Code. It is agreed by the parties that, in connection with the development, construction (as defined by applicable law)

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and operation of the Project, including, without limitation, any public work (as defined by applicable law), if any, Tenant will bear all risks of payment or non-payment of state prevailing wages and/or the implementation of Chapter 804, Statutes of 2003 and/or Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section will have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity will survive termination of this Agreement and will continue after recordation of the Release of Construction Covenants.

Section 503 Site Conditions.

(a) All portions of the Property, and any improvements thereon, which are leased to Tenant by Landlord will be leased in an "as is" condition, with no warranty, express or implied, by Landlord as to the condition of the soil, its geology, or the presence of known or unknown faults or the presence of any Hazardous Materials, as defined in Section 504 below, and it will be the sole responsibility of Tenant, at Tenant's expense, to investigate and determine the soil conditions of the Property and the suitability of the Property for the development of the Project. If the soil conditions of the Property, or any part thereof, are not in all respects entirely suitable for the use or uses to which the Property will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Property and the soil conditions thereof in all respects in a condition entirely suitable for the development of the Property as described in the AHA, including without limitation, the Scope of Development which may include demolition, clearing, or moving buildings, structures, or other improvements, and removal of Hazardous Materials.

(b) Tenant hereby releases Landlord, the City and their respective officers, employees, agents and consultants from any and all claims, liabilities, losses, damages, judgments, costs or expenses arising from or connected to any and all matters or statements of fact affecting the Property concerning or related to the physical condition of the Property.

Section 504 Hazardous Materials.

(a) "Hazardous Materials" means and includes the following:

(i) a "Hazardous Substance" as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 *et seq.* or as "Hazardous Waste" as defined by Section 6903 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 *et seq.*;

(ii) an "Extremely Hazardous Waste," a "Hazardous Waste," or a "Restricted Hazardous Waste," as defined by The Hazardous Waste Control Law under §§25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to §25140 of the California Health and Safety Code;

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(iii) a “Hazardous Material,” “Hazardous Substance,” “Hazardous Waste,” or “Toxic Air Contaminant” as defined by the California Hazardous Substance Account Act, laws pertaining to the underground storage of hazardous substances, hazardous materials release response plans, or the California Clean Air Act under §§ 25316, 25281, 25501, 25501.1, 117690 or 39655 of the California Health and Safety Code;

(iv) “Oil” or a “Hazardous Substance” listed or identified pursuant to §311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321;

(v) materials, substances and wastes listed or defined as a “Hazardous Waste,” “Extremely Hazardous Waste,” or an “Acutely Hazardous Waste” pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1 - 66261.126;

(vi) materials, substances and wastes listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to §25249.8 of the California Health and Safety Code;

(vii) a material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, damages or threatens to damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the property to be put to any lawful purpose;

(viii) any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank;

(ix) pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§136 *et seq.*;

(x) asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. §§2601 *et seq.*;

(xi) any radioactive material including, without limitation, any “source material,” “special nuclear material,” “by-product material,” “low-level wastes,” “high-level radioactive waste,” “spent nuclear fuel” or “transuranic waste,” and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. §§2011 *et seq.*, the Nuclear Waste Policy Act, 42 U.S.C. §§10101 *et seq.*, or pursuant to the California Radiation Control Law, California Health and Safety Code §§114960 *et seq.*;

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(xii) materials, substances and wastes regulated under the Occupational Safety and Health Act, 29 U.S.C. §§651 *et seq.*, or the California Occupational Safety and Health Act, California Labor Code §§6300 *et seq.*; and

(xiii) materials, substances and wastes regulated under the Clean Air Act, 42 U.S.C. §§7401 *et seq.* or pursuant to the California Clean Air Act, Sections 3900 *et seq.* of the California Health and Safety Code.

(b) Tenant hereby represents and warrants that the development, construction, and uses of the Project and Property permitted under the AHA and this Lease do not require the presence of any Hazardous Materials on the Property that cannot or will not be kept, stored, used and maintained in compliance with all applicable laws and the manufacturer's guidelines.

(c) If at any time during the term of this Lease, any Hazardous Material is present on, in or under the Property (including, without limitation, the soil and groundwater) in violation of applicable law, Tenant will at no expense to Landlord, at the earliest practicable date, remove such Hazardous Materials from the Property (including without limitation any Hazardous Materials in the soil or groundwater) and any surrounding areas to which such Hazardous Materials may have migrated in accordance with and to the extent required by any and all applicable legal requirements. The parties intend to require Tenant to remove all Hazardous Materials from the Property and surrounding areas to which such Hazardous Materials may have migrated to the extent required by applicable law, if such Hazardous Materials are present at levels of concentration which require removal under applicable law. If, at any time during the term of this Lease, Landlord has reasonable cause to believe one or more Hazardous Materials may be present on, in or under the Property in violation of applicable law, Landlord may, by written notice, inform Tenant of the basis for Landlord's concern and require Tenant to cause the Property to be tested for such Hazardous Material(s) at Tenant's sole expense, in accordance with a testing plan and schedule first approved in writing by Landlord. Tenant will submit a testing plan to Landlord within thirty (30) days after the date of Landlord's notice, and cause the testing to begin within thirty (30) days from Landlord's approval of the testing plan.

(d) Tenant will not bring or allow to be brought onto the Property or use or store on the Property any Hazardous Materials without the prior express written consent of Landlord, except for those Hazardous Materials (including without limitation fuel stored in motor vehicles) customarily used in the ordinary course of business in the construction, use, and operation of the Property and the Improvements (defined herein).

(e) The following covenants pertain to Tenant's occupancy and use of the Project and Improvements:

(i) No underground storage tanks for Hazardous Materials will be installed without the prior written approval of Landlord's Executive Director.

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(ii) Landlord, or its officers, employees, contractors or agents will at all times have the right to go upon and inspect the Property and Improvements and the operations conducted thereon to assure compliance with the requirements herein stated. Landlord will provide reasonable prior notice to Tenant of such entry, and will seek to minimize interference with Tenant's use of the Property and Improvements as much as is reasonably feasible. Such entry will be in compliance with all applicable safety rules and regulations. If there is reasonable cause to believe in the presence of Hazardous Materials, this inspection may include taking samples for testing of substances and materials present and/or testing soils on the Property and Improvements. Landlord will indemnify, defend, and hold harmless Tenant from and against any claims, liabilities, losses, and damage caused by Landlord during any such inspections, and will be responsible for the prompt repair and/or restoration of any such damage caused by Landlord during any such inspection.

(iii) Tenant will be responsible for posting on the Property and Improvements all notices and signage required by Section 25249.6 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant will also complete and file all business response plans or inventories required by Chapter 6.95 of the California Health and Safety Code and regulations promulgated pursuant thereto. Tenant will concurrently file a copy of such business response plan or inventory with Landlord.

(iv) Tenant will immediately notify Landlord in writing of the release of any Hazardous Material on the Property or Improvements by Tenant or of which Tenant is aware in violation of applicable law.

(v) Tenant will, to the extent required by applicable law, immediately remove all Hazardous Materials located on the Property and Improvements and will dispose of such Hazardous Materials in a safe and legal manner. Tenant will immediately disclose to Landlord its disposal of any Hazardous Material located on the Property and Improvements and upon Landlord's written request will provide written documentation of its safe and legal disposal.

(f) Tenant will be responsible for and bear the entire cost of removal and disposal of Hazardous Materials. Landlord may also pass through to Tenant any and all clean-up costs incurred by the Landlord as a result of Tenant's activities on the Property and Improvements or the presence of any Hazardous Material(s) on, in or under the Property and Improvements after the commencement of this Lease. Upon termination of this Lease, Tenant is required, in accordance with all applicable laws, to remove from the Property and Improvements all equipment or improvement to the Property that is contaminated by Hazardous Materials.

(g) By this Lease, Tenant provides to Landlord, effective upon the date of this Lease, an indemnification of Landlord, the City and their respective members, officers, employees, agents, contractors and consultants, relating to the environmental condition of the Property and the presence of Hazardous Materials thereon. Therefore, Tenant hereby agrees to indemnify, defend and hold harmless Landlord, the City and their respective members, officers, agents, employees,

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contractors and consultants, from any claims, actions, suits, legal and administrative proceedings, liability, injury, deficiency, damages, fines, penalties, punitive damages, costs and expenses (including, without limitation, the cost of any cleanup, remediation, removal, mitigation, monitoring or testing of Hazardous Materials, and reasonable attorneys' fees) (collectively, the "Claims") resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any Hazardous Materials to or from, the Property; or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Property, provided, however, that this indemnity shall not extend to any Claims resulting solely from the gross negligence or willful misconduct of Landlord. Notwithstanding the foregoing, Tenant shall have no obligation to indemnify the Authority and its officers, agents, employees, contractors and attorneys for loss, liability, claims, and damages, and expenses arising from Tenant's mere discovery of Hazardous Materials already present on the Site prior to the commencement of this Agreement, so long as Tenant has not contributed to the placement, releases, or migration of such pre-existing Hazardous Materials.

(h) From the date of this Lease, Tenant hereby waives, releases and discharges Landlord, the City and their respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with Landlord's or Tenant's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the intentional misconduct of Landlord, the City, or their respective employees, officers or agents. Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

_____ Initialed by Tenant's authorized signatory.

_____ Initialed by Tenant's authorized signatory.

As such relates to Section 503 above, and this Section 504, Tenant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

ARTICLE VI CONSTRUCTION OF IMPROVEMENTS ON THE PROPERTY

Section 601 Construction of Improvements.

Tenant will construct or cause to be constructed on the Property, with financing as provided in the Method of Financing, the Improvements in accordance with this Lease and the AHA, including the Scope of Development. Prior to the commencement of any work or construction, Tenant will:

(a) Notify Landlord in writing, at least ten (10) days in advance of commencing construction or delivery of materials to the Property, of Tenant's intention to construct the Improvements. Landlord will have the right to post and maintain on the Property any notices of non-responsibility provided for under applicable law, and to have access to the Property at all reasonable times to satisfy itself that Tenant is carrying out construction in accordance with the terms of this Lease, the AHA and Project Plans, and is complying with all applicable laws and regulations, including without limitation, those regulations pertaining to safety of the construction site.

(b) Procure and deliver to Landlord at Tenant's expense, evidence of issuance of all required permits and approvals, including, but not restricted to, a grading permit, building permits, zoning and planning approvals, and all required approvals from any governmental agencies and bodies having jurisdiction over the Project.

Section 602 Contractors and Subcontractors.

For purposes of this Section, the terms "contractor," "subcontractor," "contract," and "subcontract," will refer to all tradespersons, contractors, subcontractors, construction managers, materialmen or suppliers furnishing services or materials in connection with the construction of the Improvements, and contracts or agreements written or oral, with them. Landlord will have the right to disapprove the general contractor and the subcontractors performing mechanical, electrical, plumbing, framing and other trades identified by the Authority and used by Tenant for construction of the Project, to which Landlord has reasonable objection, which approval will not be unreasonably delayed or withheld.

(a) Tenant's contracts with general contractors and subcontractors must give Landlord the right to receive notices of Tenant's default under said contracts and must give Landlord a reasonable opportunity to cure any such default and the right (but not the obligation) to assume Tenant's obligations and rights under such contracts if Tenant commits an Event of Default under this Ground Lease. Landlord's exercise of its rights pursuant to this Section 602 will not be in lieu of or constitute a waiver of any other right Landlord may have against Tenant, any guarantor or surety or any other person or entity.

(b) Tenant will comply, and Tenant will require all of Tenant's contractors and subcontractors to comply, with all laws, statutes, ordinances, regulations, building codes, zoning codes and regulations and the orders, judgments, rules, regulations and requirements of all federal,

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state, local and municipal governments (hereinafter “**Legal Requirements**”) in connection with the performance of all work on the Property.

(c) Tenant must not, and Tenant will require that all Tenant’s contractors and subcontractors will not, discriminate against any employee or applicant for employment on the basis of disability, race, religion or creed, sex, marital status, national origin, condition of having Acquired Immune Deficiency Syndrome, or sexual orientation.

Section 603 Permits.

(a) Tenant will obtain all permits, licenses and other governmental approvals and authorizations required for the construction or operation of the Improvements.

(b) Before allowing occupancy or use of any portion of the Improvements, Tenant, at its own cost and expense, will obtain and deliver to Landlord partial, temporary or final Certificate(s) of Occupancy in the form customarily issued by the appropriate governmental authority.

Section 604 Performance of Construction Work.

(a) Any and all construction work will be done diligently, in conformity with all legal requirements, in a good and workmanlike manner, and in accordance with the terms of the AHA, including without limitation, the Scope of Development, the Project Plans, and under the supervision of an architect approved by Landlord. Once Tenant commences construction of the Improvements, as set forth in the Schedule of Performance, Tenant will diligently pursue completion of construction within the time set forth in the Schedule of Performance, subject to Force Majeure Delays. Construction will be deemed to be completed, solely for purposes of this Lease, when a Release of Construction Covenants is recorded in the Official Records, as set forth in Section 605 , below.

(b) Tenant agrees it will take all safety measures reasonably required (taking into consideration usual and customary practices in the construction industry) to protect persons in, on and around the Property from injury or damage caused by or resulting from or in connection with the performance of any work during all phases of construction. All work performed under this Lease will be performed in such a manner as to meet or exceed the safety standards outlined by applicable State of California safety regulations. In addition to any other obligation set forth herein, Tenant will maintain the Property free of hazards to persons and property resulting from its operations. Any hazardous condition noted by Tenant will immediately be reported to Landlord.

(c) All work will be performed in a manner so as not to unreasonably impair or interfere with the use, occupancy or enjoyment of adjacent property, or with any business conducted on adjacent property.

(d) All areas of the Property that are used for staging areas for the storage of material and equipment, construction shacks and workers’ parking areas will be located, to the extent

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reasonably practicable, away from public view in areas remote from pedestrian and vehicular traffic, and will be fenced or otherwise barricaded as appropriate.

(e) At all times during the performance of work for any phase of construction of the Project, all areas other than the actual construction site and the staging area will, to the extent reasonably practicable, be kept clean and free of mud, dust, equipment or construction materials related to the work.

Section 605 Release of Construction Covenants.

(a) After Completion of all construction and development to be performed by Tenant upon the Property pursuant to the terms of the AHA, the Project Plans, and this Lease, Landlord will furnish Tenant with a Release of Construction Covenants, in such form as to permit it to be recorded in the Official Records, upon written request therefor by Tenant. Landlord will not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants will constitute evidence of satisfactory Completion of the construction required pursuant to the terms of the AHA, the Project Plans, and this Lease, and the Release of Construction Covenants will so state.

(b) If Landlord refuses or fails to furnish a Release of Construction Covenants for the Property after written request from Tenant, Landlord will provide Tenant with a written statement of the reasons Landlord refused or failed to furnish the Release of Construction Covenants for the Property. The statement will also contain Landlord's opinion of the action Tenant must take to obtain a Release of Construction Covenants for the Property, but it need not contain technical information or instructions. If the reason for such refusal is confined to the immediate availability of specific items of landscaping or other minor items or the failure to complete "punch list" items, Landlord will issue the Release of Construction Covenants upon the posting of a bond or other security instrument in form and content reasonably acceptable to Landlord and in an amount representing the fair value of the work not yet completed, which bond or other security instrument will secure Tenant's obligation to complete all outstanding items of construction and development within sixty (60) days following the issuance of the Release of Construction Covenants.

(c) Such Release of Construction Covenants will not constitute evidence of compliance with or satisfaction of any obligation of Tenant to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements on the Property or any part thereof. Such Release of Construction Covenants is not a notice of completion under Section 3093 of the California Civil Code.

Section 606 Ownership of Improvements.

All Improvements on the Property, whether existing on the Property as of the date this Lease is executed or thereafter constructed by Tenant, will be owned by Tenant until expiration of the Lease Term or earlier termination of this Lease and Tenant shall have all rights of ownership thereof and shall be entitled to all rights relating to such ownership, including without limitation rights pertaining to depreciation deductions, tax credits, and all other benefits for income tax purposes including the right to obtain financing secured by Tenant's interest in the Improvements

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and its leasehold interest in the Property. Tenant will not remove any Improvement from the Property or waste, destroy or modify any Improvements on the Property, except as permitted by this Lease. The parties covenant for themselves and all persons claiming under them that the Improvements are real property. Upon the expiration or termination of this Lease, all improvements and fixtures will become the sole property of Landlord. Tenant will not be required to remove any Improvements or fixtures on the Property upon the expiration or earlier termination of this Lease, except as otherwise expressly provided herein.

Section 607 No Liens on Landlord's Interest.

Under no circumstance whatsoever will any lien, including any mechanic's lien, stop notices, materialmen's lien, or any lien for goods, labor, material, services or work delivered or performed on the Property, attach to or encumber Landlord's fee or reversionary interest in the Property. If any mechanic's lien, stop notice, materialmen's lien, or any other lien is filed against the Property for work done or claimed to have been done or for materials or services furnished or claimed to have been furnished with respect to the Property at any time during the term of this Lease, or at any time whatsoever arising because of any action or inaction by Tenant or any subtenant, or any other person claiming or having any right related to any part of the Property, then such lien will be discharged by Tenant at its sole cost and expense in a timely manner no later than ninety (90) days thereafter, whether by payment, release, or posting of a bond or other similar assurance. Landlord may, in its sole and complete discretion, bond or discharge the same by paying the amount claimed to be due, and Tenant will reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs from the date of payment, at the highest rate allowed by law.

Section 608 Removal of Liens on Leasehold Interest.

If Tenant does not cause to be recorded the bond described in California Civil Code Section 3143 or otherwise protect its leasehold interest under any alternative or successor statute, and a final judgment has been entered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, Landlord will have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant will reimburse Landlord for all sums paid by Landlord under this Section, together with reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs from the date of payment at the highest rate allowed by law.

Section 609 Notice of Completion.

On completion of construction of improvements to the Property, Tenant will file or cause to be filed a notice of completion pursuant to California Civil Code section 3093. Tenant hereby appoints Landlord as Tenant's attorney-in-fact to file the notice of completion on Tenant's failure to do so after the work of improvement has been substantially completed.

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ARTICLE VII ALTERATIONS.

Section 701 Alterations.

(a) After the Improvements have been constructed and completed in accordance with the provisions of Article VI , Tenant may, at Tenant's sole expense, make alterations to such Improvements. Tenant may do so only in compliance with all applicable legal requirements and all requirements of the Project Plans, and if the alterations are material, only with the prior written approval of Landlord, which will not be unreasonably withheld or delayed.

(b) All alterations will be done promptly and in a good and workmanlike manner and will be in quality and class at least equal to the original work or installations in the Property. However, if materials of the same type as those used for the original work are unavailable, or if due to changes in technologies in the building industry, the use of materials of the same type as those used for the original work would be impractical, or if materials of the same type as those used for the original work are prohibitively expensive, then Tenant will have the right to use material of a type different from those used for the original work provided that the use of such material is in compliance with all applicable Legal Requirements and such material is of a quality and class equivalent to the original materials used.

(c) Tenant may from time to time after completion of construction of the Improvements as provided herein, without Landlord's prior approval, perform alterations to the Improvements that are interior and nonstructural alterations, additions and improvements ("**Permitted Alterations**") so long as the Permitted Alterations:

(i) are performed in compliance with all of the provisions of this Lease, and does cause a violation of any provision of this Lease;

(ii) does not change the character of the Improvements or the use for which they were intended;

(iii) does not involve any change in the exterior design, materials, colors or appearance of the buildings, or any part thereof;

(iv) is not of lesser quality than the existing Improvements;

(v) does not diminish the value of Tenant's Leasehold Interest;

(vi) would not require an excessive expense to readapt the Property to marketable use upon the termination of this Lease; and

(vii) does not threaten the structural integrity of any part of the Improvements.

(d) Tenant will not, without the prior written consent of Landlord, demolish or remove all or any part of the Improvements after recordation of the Release of Construction Covenants.

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ARTICLE VIII NO LIABILITY OF LANDLORD

Section 801 No Liability of Landlord.

Tenant accepts the Property in its “as is” condition as of the date of execution of this Lease. Tenant warrants and represents that Tenant has fully and completely inspected all aspects of the Property and has fully satisfied itself as to the condition and value of the Property and the suitability of the Property or any part thereof for the construction of the Improvements. Tenant acknowledges that Landlord has not made any representation in connection with the Property or in any way relating to this Lease except as expressly provided herein. In addition to the indemnifications set forth in Article XVI , Landlord will have no liability to Tenant, or its successors, assigns, residents, subtenants, or guests, of any kind whatsoever for, in connection with, or as a result of, the ownership or operation of the Property or in connection with the Property, at any time during the Lease Term, whether for any damage or injury to any persons whatsoever or to any property of Tenant or of any other person, for any reason whatsoever, for any injury to Tenant’s residents, subtenants or others for actions or inactions after the date of the execution of this Lease, proximately caused by:

(a) Construction, operation or maintenance of any of the Improvements, or the condition of any part of the Property.

(b) Heating, ventilation or air conditioning systems, electrical wiring, plumbing, dampness, water, gas, steam, or other pipes, or sewage, or the breaking of any electrical wire, bursting, leaking or running of water from any tank, washstand, water closet or waste pipe, supply pipe, sprinkler system, radiator, or any other pipe now or hereinafter installed on or about the Property.

(c) Fire, explosion, discharge or release of any gas, vapor, liquid or any other substance, falling plaster, electricity or smoke, being or occurring on, at or in connection with the Property.

(d) Acts of Tenant or any subtenant, occupant, user, licensee or invitee of all or any part of the Property.

(e) Any latent defect in or condition of the Property or any Improvement or real or personal property, which at any time may be erected or situated thereon; provided that Landlord will be liable for a latent defect in the Property if Landlord knew of such latent defect and Landlord failed to disclose such latent defect to Tenant.

(f) The loss or theft of any property of Tenant or any other person at, on, or around the Property.

(g) The cessation, interruption, suspension, failure or inadequacy of any utilities furnished to the Property or any apparatus or appliance used in connection therewith.

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Section 802 Discovery of Toxic Substances

During the term of this Lease, Landlord will have the right to terminate this Lease upon the discovery of any Hazardous Material which Landlord determines, in consultation with the holder of a Senior Loan, renders the Property unsuitable for its designated use without environmental mitigation measures which are determined by Landlord, in consultation with the holder of a Senior Loan, to be unacceptable, excessive, or unfeasible.

ARTICLE IX MAINTENANCE AND REPAIRS

Section 901 Maintenance and Repairs.

Tenant, at its own expense, will maintain and keep the Property and all Improvements thereon in good repair and in a decent, safe and sanitary condition, in accordance with the terms of the AHA, the Agreement Containing Covenants, and the HOME Regulatory Agreement. Tenant will also make any repairs, structural or nonstructural, interior or exterior, to the Property made necessary by reason of alterations made by Tenant or by the acts or omissions of Tenant, or its employees, agents, subtenants, licensees, invitees or others, or by normal wear and tear, the elements, or other casualty or cause. Routine maintenance may be performed by Tenant without notice to or permission of Landlord.

Section 902 Repairs.

When used in this Section, the term "repairs" applies to all equipment, machinery, apparatus and fixtures of every kind used in connection with the operation and maintenance of the Property and all Improvements thereon and will be deemed to include replacements, restorations and renewals of the equipment, machinery, apparatus and fixtures. Tenant will have the right at any time and from time to time to remove and to dispose of the equipment, machinery, apparatus and fixtures; provided, however, that Tenant will promptly replace same with other equipment, machinery, apparatus or fixtures which are equally or more effective.

Section 903 Landlord's Obligation.

The parties hereto intend that Landlord will have no obligation, in any manner whatsoever, to repair or maintain the Property, or any Improvements constructed thereon, or the equipment therein, whether structural or nonstructural. These obligations are the sole responsibility of Tenant. Tenant expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or terminate this Lease because of Landlord's failure to keep the Property in good order, condition and repair.

ARTICLE X DAMAGE OR DESTRUCTION

Section 1001 Tenant to Give Notice.

If there is any damage to or destruction of the Property or the Improvements, or any part thereof, in excess of an amount equal to Twenty Five Thousand Dollars (\$25,000) escalated from the date of commencement of this Lease in accordance with the applicable consumer price index, Tenant will, within ten (10) days after Tenant becomes aware or reasonably should have become

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aware of such damage or destruction, give written notice thereof to Landlord, generally describing the nature and extent of such damage or destruction.

Section 1002 Repair of Damage or Destruction.

(a) Tenant covenants and agrees that in case of damage to or destruction of the Property or Improvements by any cause, it will, subject to the provisions of this Section, restore, repair, replace or rebuild the Property and Improvements as nearly as possible to the condition, quality and class they were in, immediately prior to such damage or destruction. Tenant will commence the restoration, repairs, replacement or rebuilding of the Improvements with such alterations and additions as may be approved by Landlord (such restoration repairs, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work will be referred to hereinafter as “**Restoration**”) within thirty (30) days of such damage or destruction, plus any additional period reasonably required to obtain Net Insurance Proceeds (if any), as defined in subsection (b) below, to be used to pay all or a portion of the costs of such Restoration and will complete such Restoration within a reasonable time thereafter.

(b) As used herein, the term “**Net Insurance Proceeds**” means the gross insurance proceeds paid by an insurer to Tenant for loss or damage to the Property and Improvements, less any and all costs and expenses (including, without limitation, reasonable attorney’s fees) incurred to recover said proceeds. Subject to the terms of the Senior Loan, Tenant agrees to promptly commence and prosecute to completion the settlement of insurance proceeds with respect to an event of damage to or destruction of the Improvements or the Property.

(c) Tenant agrees that, notwithstanding any other provision of this Lease, upon an event of damage or destruction to the Improvements, Tenant will at its sole cost and expense (whether or not Tenant terminates or intends to terminate this Lease pursuant to Section 1005 below) immediately take or cause to be taken such actions and complete such work as is necessary to assure the safe condition of the damaged Improvements pending their ultimate disposition. In any instance where Tenant has the right to terminate this Lease, rather than restore the Improvements, if Tenant elects not to terminate this Lease, then Tenant must promptly restore the Improvements.

(d) Tenant will not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of Tenant’s Leasehold Estate or Tenant’s personal property, or any inconvenience or annoyance occasioned by damage, repair, reconstruction, or restoration of the Improvements. Tenant waives the provisions of clause 2 of California Civil Code section 1932 and clause 4 of California Civil Code section 1933, with respect to termination upon destruction of or damage to the Property or Improvements.

Section 1003 Application of Insurance Proceeds.

Insurance proceeds from policies of insurance carried under Section 1501 which are received on account of any damage to or destruction of the Property or the Improvements thereon, or any portion thereof, (less the costs, fees and expenses incurred in the collection thereof, including without limitation, attorney’s fees and expenses), if Tenant does not make the election

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permitted in Section 1005 below, will be applied as follows, subject to the rights of Permitted Leasehold Mortgagees:

(a) Within a reasonable time and in any event within one hundred eighty (180) days after the damage to or destruction of the Property or the Improvements, Tenant will furnish, or cause to be furnished to Landlord and Permitted Leasehold Mortgagees evidence satisfactory to Landlord and each Permitted Leasehold Mortgagee, (a) of the total cost of Restoration of the damaged or destroyed Improvements, and (b) that the total amount of money available to Tenant will, when added to the insurance proceeds received and available to pay for the Restoration pursuant to the terms of this Section, be sufficient to pay the cost of such Restoration.

(b) Net Insurance Proceeds received on account of any damage to or destruction of the Improvements, or any part thereof, will be paid to Tenant or as Tenant may direct from time to time as Restoration progresses, or to the holder of the Senior Loan, as set forth in the Senior Loan documents, solely to pay (or reimburse Tenant for) the cost of Restoration. Upon receipt by Landlord and Permitted Leasehold Mortgagees of evidence that Restoration has been completed and the cost thereof paid in full or has been adequately provided for, and that there are no mechanic's or similar liens for labor or materials supplied in connection therewith, which have not been adequately provided for, the balance, if any, of such proceeds will be paid to Tenant.

Section 1004 Tenant's Obligations.

If the Net Insurance Proceeds actually available to Tenant and recovered with respect to any insured damage or destruction, less the cost of recovery, are insufficient to pay the entire cost of such Restoration, Tenant covenants to use reasonable efforts to secure additional funding to remedy such insufficiency to restore, repair, replace or rebuild the Improvements.

Section 1005 Option to Terminate.

If at any time during the term of this Lease, any buildings or improvements located on the Property are destroyed, in whole or in part, by fire, theft, the elements, or any other cause (collectively hereinafter referred to as a "**Casualty**"), then this Lease will continue in full force and effect; provided, however, that Tenant, subject to the rights of Permitted Leasehold Mortgagees, will have the option of terminating this Lease on the last calendar day of any month by giving Landlord at least thirty (30) days' prior written notice of Tenant's intent to do so and by removing, within one hundred twenty (120) days of the Casualty, at Tenant's own cost and expense, all debris and remains of the damaged improvements from the Property, under the following circumstances:

(a) buildings or improvements located on the Property are so damaged or destroyed by a Casualty during the last five (5) years of the Term of this Lease that such buildings or improvements cannot be repaired and restored at a cost which is less than fifty percent (50%) of the cost to replace all of the buildings and improvements located on the Property if totally destroyed; or

(b) buildings or improvements located on the Property are damaged or destroyed by a Casualty at any time during the term of this Lease and either (i) insurance proceeds available to Tenant from the insurance required in Section 1501 or by a Permitted Leasehold Mortgage are not sufficient to cover one hundred percent (100%) of the cost, less Two Hundred Fifty Thousand Dollars (\$250,000), to repair and restore such damaged or destroyed buildings or improvements, or (ii) the damage or destruction results from a Casualty that is not required to be insured by Tenant under the terms of this Lease or a Leasehold Mortgage, and for which Tenant has not obtained such insurance, and the cost to repair and restore such damaged or destroyed buildings or improvements is more than Two Hundred Fifty Thousand Dollars (\$250,000).

ARTICLE XI ENTRY BY LANDLORD

Landlord and its agents, representatives, employees and independent contractors will have the right, at all reasonable times and on prior reasonable notice, to enter the Property to ascertain whether Tenant is complying with its obligations under this Lease, the AHA, the Agreement Containing Covenants, and the HOME Regulatory Agreement and for any other purpose permitted under this Lease; provided, however, that such entry does not unnecessarily or unreasonably disturb lawful occupants of the Property and does not violate applicable landlord-tenant laws. Neither the right of entry reserved by this Article, nor the exercise thereof, will impose any responsibility or liability on Landlord for the care or supervision of the Property or Improvements on the Property.

ARTICLE XII UTILITIES AND SERVICES

Section 1201 Utilities and Services

Tenant, at its sole expense, will maintain or will cause to be maintained, all utility lines, whether located on or off the Property, servicing the Property. Tenant will pay promptly all assessments, deposits, rents, costs, connection and tap-in fees and other charges for the connection of utilities, including any fees or charges imposed by any utility company or governmental entity or agency for making such connections. Tenant expressly agrees that Tenant will pay all charges for fuel, gas, water, electricity, light, heat, power, telephone or other communication services, and all other utilities or services necessary to carry on the operations of the Tenant. Tenant will indemnify Landlord from, and defend and hold Landlord harmless against, any claim, liability, damage, loss, cost or expense in connection with such charges. Landlord may, after giving Tenant at least ten (10) business days' notice and an opportunity to cure, pay or cause to be paid any items or charges which are delinquent. Thereafter, on demand by Landlord, Tenant will pay and reimburse Landlord for such items or charges, with interest at the highest rate allowed by law, from the date of payment by Landlord until Landlord is repaid in full by Tenant.

Section 1202 Easements

Landlord agrees, at the request of Tenant and at Tenant's sole cost and expense (or at the expense of the utility company or other third party), to join in the grant of easements over the Property that are necessary to obtain required utility services to the Project. Any such grant of an

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easement over the Property must be approved in writing by Landlord, which approval will not be unreasonably withheld.

ARTICLE XIII PROHIBITION AGAINST ENCUMBRANCE OR TRANSFER

Section 1301 Prohibitions.

(a) The qualifications and identity of Tenant are of particular concern to Landlord. It is because of those qualifications and identity that Landlord has entered into this Lease with Tenant. No voluntary or involuntary successor in interest of Tenant will acquire any rights or powers under this Lease except as expressly set forth herein and in Article XXII .

(b) Except for Permitted Transfers, Tenant will not assign or sublease all or any part of this Lease without the prior written approval of Landlord. Landlord agrees to reasonably give such approval if, in Landlord's reasonable determination, the proposed reconstituted Tenant is comparable in all material respects (including experience, character and financial capability) to Tenant as of the date of this Lease. Any such change (or assignment or sublease of this Lease in connection therewith) will be subject to approval by Landlord's Executive Director (or his/her designee) of evidence of the proposed assignee's qualifications to meet Tenant's obligations under this Lease and must be by instruments satisfactory to Landlord's Executive Director (or his/her designee).

(c) For the reasons cited above, Tenant represents and agrees for itself and each successor in interest that, except for Permitted Transfers, there will be no cumulative change in ownership interest of any general partner of greater than 49%, or with respect to the identity of the parties in control of Tenant or the degree thereof, by any method or means, without Landlord's prior written approval.

(d) Tenant will promptly notify Landlord of any and all changes whatsoever in the identity of the parties in control of Tenant or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Landlord may exercise its remedies under this Lease, if there is any significant change (voluntary or involuntary) in membership, management or control of Tenant (other than such changes occasioned by the death or incapacity of any individual), except for Permitted Transfers.

(e) Tenant will not, except for Permitted Transfers or as permitted by this Lease, initiate a Transfer without prior written approval of Landlord, except as expressly permitted by this Lease. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Any such proposed transferee will have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by Landlord, to fulfill the obligations undertaken in this Lease by Tenant. Any such proposed transferee, by instrument in writing satisfactory to Landlord and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of Landlord will expressly assume all of the obligations of Tenant under this Lease and agree to be subject to

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all conditions and restrictions applicable to Tenant in this Lease. There will be submitted to Landlord for review all instruments and other legal documents proposed to affect any such transfer; and if approved by Landlord, its approval will be indicated to Tenant in writing. Attempts to effectuate a Transfer, except for Permitted Transfers or as permitted by this Lease, without Landlord's approval, will be null and void and any transferee under such attempted Transfer will acquire no right or interest by reason of such attempted Transfer.

(f) Notwithstanding the foregoing, Tenant may: (i) lease the Units, in conformance with the Agreement Containing Covenants and the HOME Regulatory Agreement, without the written consent of Landlord; and (ii) enter into a management agreement with an entity approved in writing by Landlord, in its reasonable discretion, and approved by the Permitted Leasehold Mortgagees. Abode Communities, a California nonprofit public benefit corporation, is approved as the initial management agent.

Section 1302 Consent to Assignment

Subject to the limitations on transfer set forth in Section 1301, Landlord agrees it will not unreasonably withhold its consent to a proposed assignment of this Lease to an assignee if all of the following conditions are met:

(a) Tenant is not in default of any provision of this Lease, or any other agreement with Landlord or the City in connection with this Property;

(b) Landlord has issued the Release of Construction Covenants to Tenant and Conversion has occurred;

(c) Tenant has demonstrated to Landlord's satisfaction in Landlord's reasonable discretion that the proposed assignee is financially sound and possesses a reputation and experience in owning and managing low-income residential units that is at least comparable to that of Tenant. Any assignment of this Lease must be in writing and must be executed by the assignee and a duplicate original of such assignment and assumption must be delivered to Landlord as a condition of its effectiveness. The original named Tenant will not be relieved of its obligation pursuant to this Lease, the Agreement Containing Covenants, the HOME Regulatory Agreement, or the AHA; and

(d) The proposed assignee has agreed in the assignment and assumption agreement delivered to Landlord to assume, and be bound by, all of the terms, covenants, conditions and obligations of Tenant pursuant to this Lease, the Agreement Containing Covenants, the HOME Regulatory Agreement, and the AHA.

ARTICLE XIV TAXES AND IMPOSITIONS

Subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant will directly bear, pay and discharge all Taxes and Impositions (as defined below) before the first day on which a penalty or interest may accrue or be assessed thereon for nonpayment (or, if no penalty or interest thereon may accrue or be assessed, then before such Taxes and Impositions become delinquent or past due). "**Taxes**" and "**Impositions**" mean and

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include all real property taxes, possessory interest taxes, personal property taxes and special assessments imposed, levied or assessed on the Property or Improvements thereon. Taxes and Impositions include all costs, expenses and charges of any kind whatsoever (whether foreseen or unforeseen) which may become due or owing with respect to all or any part of the Property during the term of this Lease. Taxes and Impositions include, without limitation, all ad valorem taxes and other assessments, water and sewage charges, and governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, which will or may during the Lease term be charged, laid, levied, assessed, imposed upon or become payable out of, or become liens upon, or arise in connection with the ownership, leasing, operation, use, occupancy, or possession of the Property or with respect to the privilege of entering into or holding this Lease, or leasing space within the Property, regardless of whether assessed or levied upon or payable by Tenant or Landlord. Pursuant to Health & Safety Code section 37001.5, and subject to Tenant's right to claim any exemption to which it may be entitled under State law, Tenant will pay taxes on the assessed value of the entire Property and not merely on the assessed value of its Leasehold Interest.

In the event of nonpayment of any Tax or Imposition, Landlord may, after giving Tenant at least ten (10) business days' notice of its intention to do so, pay or cause to be paid any item or items of Taxes and Impositions which are delinquent or past due. Tenant will pay and reimburse Landlord therefor when requested to do so by Landlord, and the same will become due and payable, with interest at the highest rate permissible by law from the date of Landlord's payment of said Tax or Imposition, until Landlord is repaid in full by Tenant.

ARTICLE XV INSURANCE

Section 1501 Required Insurance

(a) Prior to the Construction Financing Event (except as provided in the next sentence), Tenant will furnish or cause to be furnished to Landlord evidence of the following policies of insurance, naming Tenant as insured and Landlord and the City as certificate holders and, except as to the insurance described in paragraph (i)a.i(iv), below, Landlord and the City as additional insureds. The insurance requirements set forth in this Subsection (a) are subject to change prior to the Construction Financing Event, as needed to satisfy Landlord's then-applicable requirements. Evidence of insurance must include additional insured endorsements naming both Landlord and the City as additional insureds and including a primary insurance and waiver of contribution clause, a separation of insureds clause and a cancellation notice clause, in the form provided by Landlord. The insurance described in paragraph (i)a.i(ii) will be obtained prior to the initial rent-up of the apartments.

(i) Fire Policies: Tenant will maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance will be maintained in an amount not less than

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one hundred percent (100%) of the full insurable value of the Improvements, as defined herein in paragraph (c).

(ii) Rental Income Insurance: Tenant will maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount that is acceptable to Tenant and Landlord.

(iii) Liability Insurance: Tenant will maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of the Tenant on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Tenant or its sublessees, or any person acting for Tenant, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Tenant or its tenants, or any person acting for Tenant, or under its control or direction. Such property damage and personal injury insurance will also provide for and protect Authority against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance will be maintained in full force and effect during the term of the Authority Loans in the following amounts: commercial general liability in a general aggregate amount of not less than Two Million Dollars (\$2,000,000); and not less than One Million Five Hundred Thousand Dollars (\$1,500,000) of bodily injury and property damage insurance. It is the mutual intent of the parties that the levels of insurance coverage described herein will be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time during the term of the Authority Loans, and from time to time, either party may provide notice to the other party that the level of insurance being maintained by Tenant is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated will be changed (either increased or decreased) accordingly. The party receiving such request will not unreasonably withhold its consent to such change. Tenant agrees that provisions of this paragraph as to maintenance of insurance will not be construed as limiting in any way the extent to which Tenant may be held responsible for the indemnification of Authority or the payment of damages to persons or property resulting from Tenant's activities, activities of its tenants or the activities of any other person or persons for which Tenant is otherwise responsible. Tenant will require its insurer to waive its subrogation rights against Landlord and the City and will provide endorsements evidencing same.

(iv) Workers' Compensation Insurance: Tenant will maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an

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amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance will cover all persons employed by Tenant in connection with the Property and will cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Tenant. Notwithstanding the foregoing, Tenant may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Lessee will deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities. If Tenant is required to maintain Workers' Compensation Insurance under this paragraph, Tenant will furnish Landlord with a certificate of waiver of subrogation under the terms of the Workers' Compensation Insurance. Tenant will require its general contractor to waive subrogation and will require that its subcontractors waive subrogation to the extent that such a waiver is commercially available.

(b) All policies hereunder will not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing will have been sent by registered mail addressed to Landlord and the City not less than thirty (30) days in advance of the effective date, except for cancellation for nonpayment of premium, in which event notice will be given not less than ten days in advance of the effective date. All policies will name Landlord, Tenant and/or any general contractor as insureds, additional insureds, and/or loss payable parties as their interests may appear.

(c) The term "full insurable value" as used in this Section 1501 means the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Tenant will cause the full insurable value to be determined from time to time by appraisal by the insurer, by the insurer's automatic inflationary measure if acceptable to the Tenant and Landlord, by agreement between Tenant and Landlord or by an appraiser mutually acceptable to Landlord and Tenant, not less often than once every three years.

(d) All insurance provided under this Section 1501 will be for the benefit of Tenant, Landlord and City. Tenant agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Tenant agrees to submit policies of all insurance required by this Section 1501, or certificates and endorsements evidencing the existence thereof, to Authority within 30 days prior to the Construction Financing Event, indicating full coverage of the contractual liability imposed hereby. Within thirty (30) days, if practicable, but in any event prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, will be submitted to Landlord. All insurance herein provided for under this Section 1501

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will be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California reasonably approved by Landlord.

(e) Tenant must cause all contractors and subcontractors performing work relating to the Project to maintain, at a minimum, the liability insurance and workers compensation insurance described in this Section 1501 . Tenant must also cause its architects and engineers to maintain Architects and Engineers Professional Liability (Errors and Omissions) insurance on a “claims made basis” in an amount of not less \$1,000,000. When coverage is provided on a “claims made basis”, Tenant must cause all contractors and subcontractors to continue to renew the insurance for a period of five (5) years after the end of the Construction Period. Such insurance must have the same coverage and limits as the policy that was in effect during the Construction Period, and cover Tenant for all claims made by Landlord arising out of any acts or omissions of Tenant, or its officers, employees or agents during the Construction Period.

(f) If Tenant fails or refuses to procure or maintain insurance as required by this Agreement, Landlord will have the right, at Landlord’s election, and upon ten (10) days prior notice to Tenant, to procure and maintain such insurance. The premiums paid by Landlord will be treated as a loan, due from Tenant, to be paid on the first day of the month following the date on which the premiums were paid. Landlord will give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 1502 Disposition of Insurance Proceeds

(a) Subject to the provisions of subsection (b) below, proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Tenant during the Lease Term will be payable, under the provisions of the policy of insurance, to Tenant, or, if such loss or damage involves the need for Tenant to obtain any governmental approvals or permits, jointly to Tenant and Landlord, and said proceeds will constitute a trust fund to be used for the repair, restoration or reconstruction of the Improvements in accordance with plans and specifications approved in writing by Landlord.

(b) Notwithstanding the foregoing paragraph, within the period during which there is an outstanding Permitted Leasehold Mortgage on all or part of the Property and Improvements, distribution of said proceeds will be subject to the prior rights of such Permitted Leasehold Mortgagees.

(c) If this Lease is terminated by mutual agreement of Landlord and Tenant and the Improvements are not repaired, restored or reconstructed, the insurance proceeds will be applied first to payments due under this Lease from Tenant to Landlord, second to restore the Property to a neat and clean condition, and finally any excess will be paid to Tenant. Provided, however, that within any period when there is a Permitted Leasehold Mortgage in effect, such proceeds will be applied first to discharge the debt secured by such mortgage and then for the purposes and in the order set forth above in this paragraph.

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(d) Tenant hereby waives any claim against Landlord, the City of Glendale, and their respective members, officers, agents, employees and volunteers, for any loss covered by insurance of the type specified in Section 1501 ; and Tenant will obtain from its insurance company or companies a waiver of any right of subrogation that it may otherwise have against Landlord or the City.

ARTICLE XVI DEFENSE, INDEMNIFICATION AND HOLD HARMLESS

Tenant hereby agrees, to the fullest extent of the law, to defend, indemnify and hold harmless Landlord, the City of Glendale, and their respective members, officers, agents, employees and volunteers (hereinafter collectively referred to as “**Indemnitees**”) from and against any and all loss, damage, cost, expense, liability, claims, demands, suits, reasonable attorneys’ fees and judgments arising directly or indirectly from or in any manner connected to Tenant’s possession, occupancy or use of the Property or arising from or in any manner connected to Tenant’s business, activities, operations, services or work conducted in, on or about the Property regardless of any active or passive negligence by any or all Indemnitees, except as otherwise stated herein.

Tenant further agrees to indemnify, defend and hold harmless Indemnitees from and against all loss, damage, costs, expense, liability, claims, demands, suits, reasonable attorneys’ fees and judgments arising from or in any manner connected to the furnishing or supplying of any work, services, materials, equipment or supplies to Tenant or on Tenant’s behalf by any persons, firms, corporations or other entities in, on or about the Property.

Without limiting the generality of the foregoing, Tenant agrees that Indemnitees will not be liable for any injury to Tenant’s business or any loss of income therefrom, or for damage to the goods, wares, merchandise, improvements or other property of Tenant, or to Tenant’s officers, agents, employees, invitees, customers, contractors, or any other person in, on or about the Property or for damages to any of Tenant’s officers, agents, employees, invitees, customers or contractors.

Indemnitees will be entitled to recovery of reasonable attorney’s fees incurred as a result of Tenant’s failure to provide the defense and indemnity required by this Article XVI . This Article XVI will survive the expiration or termination of this Lease.

ARTICLE XVII EMINENT DOMAIN

Section 1701 Tenant to Give Notice

In case of a taking of all or any part of the Property and Improvements through the exercise of the power of eminent domain (“**Taking**”), or the commencement of any proceedings or negotiations which might result in such Taking, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations, and the nature and extent of the Taking which might result therefrom, as the case may be.

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Section 1702 Total Taking

In case of a Taking of the entire Property and Improvements, or in case of the taking of only a part of the Property and Improvements, leaving the remainder of the Property and Improvements in such location, or in such form, shape or reduced size as to render the same not effectively and practicably usable for the conduct thereon of the uses permitted hereunder, this Lease will terminate as of the date title vests in the condemning authority or the date the condemning authority is entitled to possession, whichever first occurs (the “**Date of Taking**”). A Taking of the Property and Improvements of the character referred to in this Section that results in the termination of this Lease is referred to herein as a “**Total Taking**.”

Section 1703 Partial Taking

In case of a Taking of the Property and Improvements other than a Total Taking (a “**Partial Taking**”), (i) this Lease will remain in full force and effect as to the portion of the Property and Improvements remaining immediately after such Partial Taking, without any abatement or reduction of any sum payable hereunder, and (ii) Tenant, to the extent the awards or payments, if any, on account of such Partial Taking will be sufficient for the purpose, at its expense, but first subject to Section 1704 (a), will within a reasonable period of time commence and complete, or cause to be commenced and completed, Restoration of the Property and Improvements as nearly as possible to its value, condition, and character immediately prior to such Partial Taking, with such alterations and additions as may be made at Tenant’s election pursuant to and subject to the terms of Section 701 , except for any reduction in area caused thereby; provided, however, that in case of a Partial Taking for temporary use Tenant will not be required to effect Restoration until such Partial Taking is terminated.

Section 1704 Application of Awards and Other Payments

Awards and other payments on account of a Taking, less costs, fees and expenses incurred in the collection thereof (“**Net Awards and Payments**”) will be applied as follows:

(a) In case of a Taking other than a Total Taking or a Taking for temporary use, Tenant will furnish to Landlord and Permitted Leasehold Mortgagees evidence satisfactory to Landlord and such mortgagees of the total cost of the Restoration required by Section 1703 .

(b) Net Awards and Payments received on account of a Taking other than a Total Taking or a Taking for temporary use will be held and applied as provided with respect to proceeds of insurance in (a). The balance, if any, subject to the terms of the Senior Loan Documents, will be paid to Tenant and Landlord as their respective interests may appear in the Property and the Improvements.

(c) Net Awards and Payments received on account of a Total Taking will be allocated as follows:

First: There will be paid to each Permitted Leasehold Mortgagee, in the order of its priority, an amount equal to the sum of any unpaid principal amount of the indebtedness secured by the Permitted Leasehold Mortgage, and any interest accrued thereon, all as of the date on which

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such payment is made; provided, however, that each such Permitted Leasehold Mortgagee will only be paid to the extent of its security in the applicable portion which is the subject of the Taking.

Second: To Tenant and Landlord, as their respective interests may appear in the Property and the Improvements; provided, that payments to Permitted Leasehold Mortgagees or pursuant to the preceding paragraph will be charged against Tenant's interest.

ARTICLE XVIII COMPLIANCE WITH ALL LAWS

Tenant will conduct its operations in compliance with all applicable state or federal laws, and with all ordinances, rules and regulations, in effect or hereinafter adopted by the City of Glendale, the County of Los Angeles, the State of California and the United States.

ARTICLE XIX PERMITS AND LICENSES

Tenant will, at its sole cost and expense, obtain and maintain during the Term of this Lease, all appropriate licenses, permits and certificates that may be required in connection with the construction of the Improvements, and the operation of the Project, and the provision of services hereunder.

ARTICLE XX PRODUCTION OF REPORTS, RECORDS AND STATEMENTS

Tenant will maintain such records as are reasonably required by Landlord to verify compliance with the terms of this Lease, the AHA, the Agreement Containing Covenants, and the HOME Regulatory Agreement. Tenant will, within ten (10) business days of their receipt or completion, submit copies to Landlord of all annual budgets, financial statements, audits and all other reports, records and statements that pertain to or are in any manner connected with the Property. The records, reports, statements and other documents of Tenant that pertain to or are in any manner connected with the Property will be available for inspection and copying by Landlord during normal business hours, but will be kept confidential by Landlord and will not be disclosed to any other person without Tenant's prior written approval, except as may be otherwise required by law. Tenant will pay to Landlord the required fees in connection with affordability monitoring and reporting.

ARTICLE XXI NONDISCRIMINATION

Tenant covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there will be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor will Tenant, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. All deeds, leases or contracts will contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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1. In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor will the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants will run with the land.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status will not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code will also apply to the preceding paragraph.

2. In leases: “The Tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there will be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor will the Tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status will not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section

1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code will also apply to the preceding paragraph.

3. In contracts: There will be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor will the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

ARTICLE XXII LEASEHOLD MORTGAGES

Section 2201 Leasehold Mortgages

Other than Permitted Leasehold Mortgages, Tenant may not grant a Leasehold Mortgage without Landlord’s prior written consent.

Section 2202 No Subordination

Landlord’s reversionary fee interest in the Property and Landlord’s rights and interests, as lessor, in the Property and this Lease, including without limitation Landlord’s right to receive payments and reimbursements from Tenant, will not be subordinated to the rights of the holder of any lien, mortgage or security interest (including without limitation, the rights of any Leasehold Mortgagees) granted by Tenant.

Section 2203 Notice to Landlord

Tenant will require each Permitted Leasehold Mortgagee to give Landlord the right to receive notices of an event of default by Tenant under the applicable Leasehold Mortgage and the right to cure such default in the same period of time as is given to Tenant thereunder plus an additional ten (10) business days with respect to those defaults that are curable; provided that during such ten business day period, the Permitted Leasehold Mortgagee will have the right to commence, but not complete its remedies on account of such default. If and to the extent Tenant fails to cure such default, and Landlord exercises its right to cure the same, Tenant will reimburse Landlord for all of Landlord’s reasonable costs and expenses, including without limitation reasonable attorneys’ fees. Landlord may record in the Official Records of Los Angeles County a request for notice of default.

Section 2204 Notice to Permitted Leasehold Mortgagee

Landlord will mail to each Permitted Leasehold Mortgagee a duplicate copy of notices Landlord may from time to time give to or serve on Tenant, pursuant to or relating to this Lease. Tenant will at all times keep Landlord informed in writing of the name and mailing address of

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such Permitted Leasehold Mortgagee and any changes in such mortgagee's mailing address. Notices or other communications permitted by this or any other Section of this Lease, or by law, to be served on or given to Permitted Leasehold Mortgagees by Landlord, will be deemed duly served on or given to mortgagees by deposit in the United States mail, certified, return receipt requested or by overnight courier, return receipt, addressed to such mortgagees at the last mailing address furnished in writing to Landlord by Tenant or by such mortgagee. The date of notice will be the date marked on the return receipt.

Section 2205 Permitted Leasehold Mortgagee's and Investor Limited Partner's Rights

Permitted Leasehold Mortgagees and the Investor Limited Partner, with respect to (a) and (b) below, will have the right, but not the obligation, without further consent of Landlord, at any time during the Term of this Lease to:

(a) Do any act or thing required of Tenant under this Lease, and such act or thing done and performed by a Permitted Leasehold Mortgagee will be as effective to prevent a forfeiture or loss of Tenant's rights under this Lease as if done by Tenant itself;

(b) Do any act or thing required of Tenant, and enforce the obligations of Tenant, under any regulatory agreement recorded against Tenant's leasehold estate in connection with the Permitted Leasehold Mortgage;

(c) Transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate created by this Lease to a purchaser at a foreclosure sale, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale contained in a Permitted Leasehold Mortgage; and

(d) Acquire and succeed to the right, title and interest of Tenant under this Lease by virtue of a foreclosure proceeding, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Permitted Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure ("**Foreclosure**") and, following such Foreclosure, transfer, convey or assign the right, title and interest of Tenant in and to the leasehold estate granted by this Lease to a third party.

Section 2206 Obligations of Permitted Leasehold Mortgagee Upon Acquisition of Leasehold Estate

If the holder of a Permitted Leasehold Mortgage, or another party through a Foreclosure, acquires the leasehold estate created hereunder or otherwise acquires possession of the Property and Improvements pursuant to available legal remedies, Landlord will look to such holder to perform the obligations of Tenant hereunder that first occurred or accrued from and after the date of Foreclosure or possession and will not hold such holder responsible for the past actions or inactions of Tenant. Notwithstanding the foregoing, (i) on and after the date of such Foreclosure or possession, such holder will be required to perform and abide by each and every obligation of Tenant under this Lease; and (ii) on and after the date of such Foreclosure or possession, Landlord

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will have the right to enforce each and every provision of this Lease against such holder. Nothing herein is intended or will be construed to limit or restrict Landlord's rights and remedies against Tenant, provided that Landlord's pursuit of such remedies will not affect the rights of Permitted Leasehold Mortgagee to the use, enjoyment or operation of the Property and Improvements.

Section 2207 No Modification or Termination of Lease Without Permitted Leasehold Mortgagee's and Investor Limited Partner's Consent

Tenant and Landlord hereby expressly stipulate and agree, except for the California Tax Credit Allocation Committee Lease Rider and Estoppel Agreement (Tax Credits) to be entered into in association with the recording of the Regulatory Agreement between Tenant and the California Tax Credit Allocation Committee ("TCAC"), that they will not modify this Lease in any way nor cancel or terminate this Lease by mutual agreement, nor will Tenant surrender its interest in this Lease, without the prior written consent of Permitted Leasehold Mortgagees and Tenant's Investor Limited Partner. Tenant and Landlord further agree that each will not take advantage of any provisions of the United States Bankruptcy Code that would result in a termination of this Lease or make it unenforceable. At the time required by TCAC, Tenant and Landlord agree to execute and record against the Premises in the official records of the County of Los Angeles a lease rider in the form required by TCAC with such revisions to the lease rider requested by Landlord and agreed to by TCAC.

Section 2208 Right of Permitted Leasehold Mortgagee to Cure Default

Before Landlord may terminate this Lease because of a default under or breach of this Lease by Tenant, Landlord must (i) give written notice of the default or breach (the "**Initial Default Notice**"), and (ii) give written notice of the failure of Tenant to cure the default or breach (the "**Second Default Notice**"), to Permitted Leasehold Mortgagee concurrently with the transmittal of such notices to Tenant, and afford the Permitted Leasehold Mortgagee the opportunity to:

(a) Cure the breach or default (including payment of all accrued and delinquent Rent) at any time prior to the sixtieth (60th) day after service on Leasehold Mortgagee of the Second Default Notice, where the default can be cured by the payment of money to Landlord or another person;

(b) Cure the breach or default within ninety (90) days after service on Leasehold Mortgagee of the Second Default Notice, where the breach or default must be cured by something other than the payment of money and can reasonably be cured within that time; or

(c) Cure the breach or default in such reasonable time as may be required where something other than the payment of money is required to cure the breach or default and cannot be reasonably cured within ninety (90) days after service on Leasehold Mortgagee of the Second Default Notice, provided that acts to cure the breach or default are commenced within that time period after service of the Second Default Notice on Leasehold Mortgagee by Landlord and are thereafter diligently continued by Leasehold Mortgagee.

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If, to complete the cure of the default or breach, a Permitted Leasehold Mortgagee requires access to the Property and Project, the foregoing cure period will not commence until such Leasehold Mortgagee obtains possession of the property, provided that such Leasehold Mortgagee diligently seeks to obtain such possession by a foreclosure action or otherwise and diligently pursues such action all within the time periods set forth in Section 2302 below, or such longer period approved by Landlord. If a Permitted Leasehold Mortgagee completes the cure of the default or breach in a timely and proper manner, Landlord will accept the cure as fulfilling the terms of this Lease.

Section 2209 Foreclosure in Lieu of Curing Default

Notwithstanding any other provision of this Lease, a Permitted Leasehold Mortgagee may forestall termination of this Lease by Landlord for a default under or breach of this Lease by Tenant, by commencing proceedings to foreclose its Permitted Leasehold Mortgage, whether the foreclosure is conducted pursuant to a court order or pursuant to a power of sale contained in a Permitted Leasehold Mortgage, or by virtue of a transfer in lieu of foreclosure. Commencement of the foreclosure will not, however, forestall termination of this Lease by Landlord for the default or breach by Tenant unless:

- (a) It occurs within sixty (60) days after service on Permitted Leasehold Mortgagee of the Second Default Notice or such longer period as approved by Landlord;
- (b) It is diligently pursued; and
- (c) Permitted Leasehold Mortgagee keeps and performs all of the terms, covenants and conditions of this Lease which it is capable of performing (including the payment of Rent, including past due Rent, under this Lease) requiring the payment or expenditure of money by Tenant, accruing after commencement of the foreclosure, until the foreclosure is complete or is discharged by redemption, satisfaction, payment or conveyance of the leasehold estate to Permitted Leasehold Mortgagee.

Section 2210 Assignment of Lease Upon Foreclosure

Provided that a Permitted Leasehold Mortgagee gives written notice of transfer to Landlord setting forth the name and address of the transferee as well as the effective date of the transfer, the written consent of Landlord will not be required for transfer of Tenant's right, title and interest under this Lease to:

- (a) a purchaser, which may include the Permitted Leasehold Mortgagee, at a foreclosure sale of the Leasehold Mortgage, whether the foreclosure is conducted pursuant to court order or pursuant to a power of sale in the instrument creating the Leasehold Mortgage; or
- (b) a purchaser from the Permitted Leasehold Mortgagee after foreclosure, where the Permitted Leasehold Mortgagee was the purchaser of Tenant's interest at the foreclosure sale of the Leasehold Mortgage or acquired Tenant's interest by transfer in lieu of foreclosure. Except as otherwise set forth in this Article XXII, the purchase from the Permitted Leasehold Mortgagee will be subject to all the terms and conditions of this Lease. The Permitted Leasehold Mortgagee, the purchaser at a foreclosure sale, or the purchaser from the Permitted Leasehold Mortgagee will be

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subject to all the terms and conditions of this Lease except that (i) the time for performance of any unperformed acts required by Article VI of this Lease will be extended for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act and the time required to transfer the Lease to the purchaser at a foreclosure sale and/or to the purchaser from Permitted Leasehold Mortgagee, (ii) the performance of acts required by this Lease that have already been performed and purchaser's liability for acts or inactions of the original Tenant will be excused; provided, however, that on and after the date of such possession, (1) the purchaser will be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and the HOME Regulatory Agreement; and (2) Landlord will have the right to enforce each and every provision of this Lease against such purchaser with respect to matters first arising or continuing after such date of possession, and (iii) Permitted Leasehold Mortgagee will be able to absolutely assign or transfer this Lease regardless of the date of the assignment and any purchaser, assignee or transferee of this Lease from Permitted Leasehold Mortgagee will be able to assign this Lease without the approval or consent of Landlord regardless of the date of the assignment.

(c) No Permitted Leasehold Mortgagee shall be responsible for any liability, costs or expenses which occur or accrue under this Lease after such Permitted Leasehold Mortgagee transfers its interest in this Lease.

Section 2211 New Lease to Permitted Leasehold Mortgagee

Notwithstanding any other provision of this Lease, if this Lease terminates for any reason, including without limitation, the insolvency or bankruptcy of Tenant, then Landlord will, within thirty (30) days after the request set forth in Subsection (a) below is received, execute and deliver a new Lease for the Property and Project to the Permitted Leasehold Mortgagee, provided:

(a) A written request for the new Lease is served on Landlord by Permitted Leasehold Mortgagee within sixty (60) days after service on Permitted Leasehold Mortgagee of notice that the Lease has terminated; and, Landlord agrees to give Permitted Leasehold Mortgagee notice of such termination.

(b) The new Lease (i) is for a term ending on the same date the term of this Lease would have ended had not this Lease been terminated, and (ii) contains the same covenants, conditions and provisions as are contained in this Lease, except that the Permitted Leasehold Mortgagee will be able to absolutely assign or transfer the new Lease regardless of the date of the assignment and a purchaser, assignee or transferee of the Lease from Permitted Leasehold Mortgagee will be able to assign or transfer the Lease without the approval or consent of Landlord regardless of the date of the assignment.

(c) After termination of the Lease but before the expiration of the period within which Permitted Leasehold Mortgagee has to request and receive a new Lease, Landlord will not terminate existing subleases under which sublessee is not in default, or enter into new subleases for the Property or Project, and Landlord will account to Permitted Leasehold Mortgagee for all subtenant rents during such period.

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(d) The new Lease will be subject to all existing subleases under which each such subtenant is not in default and will be assignable by Permitted Leasehold Mortgagee without further approval or consent by Landlord provided the conditions of this Section are satisfied.

(e) The new Lease will:

(i) Extend the time for performance of unperformed acts required by Article VI of this Lease for a period equal to the delay in performance of the act caused by Tenant's inability or failure to perform the act, and the time required to terminate this Lease, execute a new Lease to Permitted Leasehold Mortgagee, and Permitted Leasehold Mortgagee's timely assignment of such new Lease; and

(ii) Excuse the performance of an act required by Article VI of this Lease that has already been performed and excuse the new Tenant from acts or inactions of the original Tenant; provided, however, that on and after the date of such possession, (i) the new Tenant will be obligated to bring the management and maintenance of the Project into compliance with the Agreement Containing Covenants and the HOME Regulatory Agreement; and (ii) Landlord will have the right to enforce each and every provision of the new Lease with respect to matters first arising or continuing after the date of the new Lease, including but not limited to Article VI, against the new Tenant; and provided further, that Permitted Leasehold Mortgagee and its assignee as Tenant under the new Lease, will be liable for removal or bonding of all mechanic's liens, stop notices, materialmen's liens, or any liens for goods, labor, material, services or work manufactured for, delivered to, or performed on, the Property.

(iii) The new Lease and the Permitted Leasehold Mortgage will have the same priority as the original Lease and the Permitted Leasehold Mortgage on the original Lease, and intervening liens will not have priority over the new Lease or Permitted Leasehold Mortgage.

(iv) Permitted Leasehold Mortgagee, on execution of the new Lease, will pay to Landlord all of Landlord's reasonable costs and expenses, including reasonable attorney's fees and court costs incurred in terminating this Lease, recovering possession of the Property and Project from Tenant, and preparing the new Lease.

Section 2212 No Merger of Estates

During the existence of any Permitted Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and Landlord's reversionary interest or fee interest in the Property, such estates will remain separate and there will be no merger without the consent of each Permitted Leasehold Mortgagee.

Section 2213 Amendments for Benefit of Permitted Leasehold Mortgagee

Landlord and Tenant will cooperate in including in this Lease, by suitable amendment from time to time, provisions which may reasonably be requested by a Permitted Leasehold Mortgagee or proposed Permitted Leasehold Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Article and allowing such Permitted Leasehold Mortgagee reasonable means to protect or preserve its Permitted Leasehold Mortgage on the occurrence of a

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default under the terms of this Lease; provided, however, that such amendment will not have a material adverse effect on Landlord's rights or obligations under this Lease. Landlord and Tenant each agree to execute and deliver (and to acknowledge, if necessary for recording purposes) any agreement necessary to effect such amendment.

Section 2214 Restriction on Landlord's Right to Encumber its Interest

Landlord will not mortgage, hypothecate, pledge or encumber its interest in the Property or any part thereof without the prior written consent of the holder of a Senior Leasehold Mortgage, unless there is an express recognition of Tenant's rights under this Lease and subordination of the new lender's lien on Landlord's interest in the Property to this Lease, which subordination will be in a form acceptable to Tenant and the holder of such Senior Leasehold Mortgage.

Section 2215 Restriction on Subordination of Tenant's Interest

Any subordination or attempted subordination of this Lease by Tenant to a mortgage, deed of trust, encumbrance or other security interest in Landlord's interest in the Property or any part thereof will be void *ab initio* and will have no force or effect unless first agreed to in writing by the holder of a Senior Leasehold Mortgage.

Section 2216 Multiple Leasehold Mortgages

Where there is a right herein to be exercised by a Permitted Leasehold Mortgagee and there exists more than one Permitted Leasehold Mortgage, the right may be exercised in the order of priority of each Permitted Leasehold Mortgage.

ARTICLE XXIII EVENTS OF DEFAULT

The occurrence of one or more of the events described below will constitute a material default and a breach of this Lease, entitling Landlord to terminate this Lease prior to the expiration of the Term.

Section 2301 Events of Default

The following will constitute an "Event of Default" by Tenant:

(a) Subject to Force Majeure Delays and other provisions of this Lease that may modify the provisions hereof, failure by Tenant to commence or to complete construction of the Improvements according to the scheduled time periods set forth in the Schedule of Performance, and in accordance with the drawings delivered to Landlord and the Scope of Development.

(b) After Tenant commences construction of the Improvements on the Property, Tenant's abandonment of the Project for a period of thirty (30) days or more.

(c) Tenant's failure to perform or to comply with the covenants, conditions and obligations set forth in this Lease and such failure is not cured within the time provided for herein.

(d) Except as expressly permitted in this Lease, an attempted Transfer, without the prior written consent of Landlord.

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(e) The sale of Tenant's interest in the Property or any portion thereof, under attachment, execution or similar legal process; or Tenant is adjudicated as bankrupt or insolvent, or an order for relief is entered against Tenant under Federal Bankruptcy Code, and such adjudication or order is not vacated within ten (10) days.

(f) The commencement of a case under any chapter of the Federal Bankruptcy Code, by or against Tenant or any guarantor of Tenant's obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant or any guarantor of Tenant's obligations hereunder as bankrupt or insolvent, unless the same is dismissed within ninety (90) days.

(g) The appointment of a receiver or trustee for the business or property of Tenant (except by a Permitted Leasehold Mortgagee) or any guarantor of Tenant's obligations hereunder, unless such appointment is vacated within ten (10) days of its entry.

(h) The discovery by Landlord that any financial statement or other material financial information delivered by Tenant to Landlord is materially false as of the date delivered, and once the discovered by Landlord are not addressed in corrected financials or information within ninety (90) calendar days following notice from Landlord to Tenant and the Investor Limited Partner.

(i) The occurrence of any other event described as constituting an "Event of Default" elsewhere in this Lease that is not cured within the time provided for herein.

Section 2302 Procedures for Declaring an Event of Default

(a) Landlord will give written notice of default to Tenant, specifying the default complained of. Failure or delay in giving such notice will not constitute waiver of a default, nor will it change the time of default. Except as otherwise expressly provided in this Lease, failures or delays by Landlord in asserting any of its rights and remedies as to a default will not operate as waiver of the default or of such rights or remedies. Delays by Landlord in asserting any of its rights and remedies will not deprive Landlord of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce such rights or remedies.

(b) If a monetary event of default occurs, prior to exercising its remedies hereunder, Landlord will give Tenant and the Investor Limited Partner concurrent written notice of such default. Tenant and Investor Limited Partner will have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by the Landlord under this Lease. In no event will Landlord be precluded from exercising remedies if its security becomes or is about to become materially impaired by a failure to cure a default or, as to Tenant, the default is not cured within ten (10) calendar days after the notice of default is received or deemed received and, as to Investor Limited Partner, sixty (60) calendar days after the notice of default is received or deemed received.

(c) If a non-monetary event of default occurs, prior to exercising its remedies hereunder, Landlord will give Tenant written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Tenant and Investor Limited Partner will have such

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period to effect a cure prior to exercise of remedies by Landlord. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Tenant or the Investor Limited Partner (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Tenant and the Investor Limited Partner will have such additional time as is reasonably necessary to cure the default prior to Landlord's exercise of its remedies. If Tenant or the Investor Limited Partner fails to take corrective action or cure the default within a reasonable time, Landlord will give Tenant and, as provided in paragraph (d), below, the Investor Limited Partner, notice thereof, whereupon the Investor Limited Partner may remove and replace the general partner with a substitute general partner, who will effect a cure within a reasonable time thereafter, in accordance with the foregoing provisions. Landlord agrees to accept cures tendered by the Investor Limited Partner within the cure periods provided in this Lease or within the time periods provided in Civil Code Section 2924c, whichever is longer. Additionally, if the Investor Limited Partner is precluded from curing a non-monetary default due to its inability to remove the general partner as a result of a bankruptcy, injunction, or similar proceeding by or against Tenant or its general partner, Landlord agrees to forbear from terminating this Lease during the period during which the Investor Limited Partner is so precluded from acting, not to exceed ninety (90) days, provided such limited partner is otherwise in compliance with the foregoing provisions. In no event will Landlord be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by a failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

(d) Landlord will send the Investor Limited Partner a copy of all notices of default and all other notices that Landlord sends to Tenant, at the address for the Investor Limited Partner provided in Article XXVI .

ARTICLE XXIV REMEDIES

Upon, or at any time after, the declaration of an Event of Default (following all applicable notice and cure periods), and if permitted hereunder, the following remedies described in this Article XXIV will apply.

Section 2401 Right of Termination

Landlord will have the right to terminate this Lease and Tenant's right to possession of the Property by giving notice of such termination to Tenant. Upon the date of the giving of such notice (or, if such notice specifies a later date for such termination, then upon such later date), this Lease and Tenant's right to possession hereunder and all of Tenant's right, title and interest hereunder, in and to the Property and Improvements, will expire and terminate on such date. Landlord will be entitled to recover from Tenant all damages proximately caused by such default. In the event of termination of this Lease, Landlord will have the option of assuming the existing master tenancies and sub-tenancies, if any.

Section 2402 Transfer of Interest Upon Termination

If Landlord terminates this Lease as provided above, all of the right, title, estate and interest of Tenant in and to the following will automatically pass to, and vest in, and belong to Landlord, 05.16.22

without further action on the part of either party: (i) the Property including, without limitation, the land, the Improvements, and any alterations thereto; (ii) all unaccrued rents, income, receipts, revenues, issues, and profits issuing from the Property or any part thereof; and (iii) all insurance policies and all proceeds thereof. Although not required to effectuate the automatic termination of Tenant's interest in the Property, Tenant agrees that upon Landlord's termination of this Lease, Tenant will execute appropriate documents, including a quitclaim deed, and perform any act reasonably necessary, to evidence the termination of its interest in the Property.

Section 2403 Damages

Subject to the limited recourse provisions of Section 2406, if either party defaults with regard to any of the provisions of this Lease, subject to the notice and cure provisions of Section 2302, the defaulting party will be liable to the non-defaulting party for damages caused by such default, and the non-defaulting party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting party with respect to such default.

Section 2404 Specific Performance

If either party defaults with regard to any of the provisions of this Lease, subject to the notice and cure provisions of Section 2302, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Lease pertaining to such default.

Section 2405 Cumulative Remedies

Landlord will have the right to pursue, in addition to the remedies expressly enumerated herein, any remedy now or hereafter available under state or federal laws, including a proceeding to compel specific performance by Tenant. No remedy or election by either party hereunder will be deemed exclusive, but will, wherever possible, be cumulative with all other remedies available at law or in equity.

Section 2406 Limited Recourse

Each obligation of Tenant under this Lease is a nonrecourse obligation of Tenant and its partners. Neither Tenant nor any of its general or limited partners, nor any other party, will have any personal liability for payment of obligations to Landlord.

Notwithstanding the foregoing, Landlord may recover directly from Tenant or any other party:

(a) damages, costs and expenses incurred by Landlord as a result of fraud or a criminal act or acts of Tenant or any partner, shareholder, officer, director or employee of Tenant, or of any member or general or limited partner of Tenant, or of any member or general or limited partner of such member or general or limited partner;

(b) damages, costs and expenses incurred by Landlord as a result of any misappropriation of funds provided for the construction of the Improvements, rents and revenues

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from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

(c) all amounts owing by Tenant pursuant to the indemnification regarding Hazardous Substances given in this Lease, and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Landlord will pay Tenant's reasonable court costs and attorneys' fees if Tenant is the prevailing party in any such enforcement or collection action).

ARTICLE XXV INTEREST ON PAST DUE OBLIGATIONS

Except as expressly provided herein, amounts due to either party, not paid when due, after the expiration of the permitted period to cure hereunder, will bear interest at the maximum rate then allowable by law, from the due date. Payment of such interest will not excuse or cure a default under this Lease.

ARTICLE XXVI NOTICES

All notices, demands, and requests for approval to be given under this Lease will be given in writing, and will be deemed served when delivered personally, or will be deemed served seventy-two (72) hours after the deposit thereof in the United States mail, postage prepaid, registered mail, addressed as hereinafter provided.

To Landlord: HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 N. Glendale Avenue, Room 202,
Glendale, California 91206
Attention: Executive Director
Facsimile: 818-548-3724

With a copy to: KANE, BALLMER & BERKMAN
515 S. Figueroa St., Suite 780
Los Angeles, California 90071-3301
Attention: Susan Apy

To Tenant: HARROWER VILLAGE, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
(Facsimile: 213-225-2709)

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With a copy to:

With a copy to:

With a copy to
Investor Limited Partner:

With a copy to
Construction Lender (prior to Conversion):

Wells Fargo Bank, National Association
550 S. Tryon Street
23rd Floor, D1086-239
Charlotte, North Carolina 28202-4200
Attn: Manager, Deal Management

ARTICLE XXVII ESTOPPEL CERTIFICATE

Each party to this Lease will, at any time, and upon not less than ten (10) days prior written notice from the other party, execute, acknowledge and deliver to the requesting party a statement in writing: (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification, and certifying that this Lease, as so modified, is in full force and effect); and (2) acknowledging that there are not, to such party's knowledge, any uncured defaults hereunder, or specifying such defaults, if any, as are claimed. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrancer of the Property.

ARTICLE XXVIII SURRENDER

Section 2801 Surrender

Tenant will, on the last day of the Lease Term or upon any earlier termination of this Lease, peaceably and quietly surrender and yield immediate possession of the entire Property, including the Improvements thereon, to Landlord. Tenant will not remove from the Property any appurtenant fixtures attached or used in connection with the operation of the Improvements and necessary for the proper operation thereof. All such fixtures and all operating manuals necessary for the operation of the Improvements will be surrendered and delivered to Landlord upon expiration or termination of this Lease.

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Section 2802 Title to Improvements

The parties agree that upon expiration of the Lease Term, or upon an earlier termination of this Lease, title to and ownership of all Improvements will automatically vest in Landlord without the execution of any further instrument and without any payment by Landlord therefor. Tenant will, at Landlord's request and without payment therefor, promptly execute, acknowledge and deliver to Landlord a quitclaim deed in recordable form conveying and transferring to Landlord all right, title and interest of Tenant in and to the leasehold interest and the Improvements.

Section 2803 Removal of Personal Property

On the last day of the Lease Term or upon an earlier termination of this Lease, Tenant will remove all of its personal property not required to be surrendered. Personal property not removed by Tenant upon the last day of the Lease Term or upon an earlier termination of this Lease will be deemed abandoned, and may be appropriated, sold, destroyed, or otherwise disposed of by Landlord following ten (10) days prior written notice to Tenant. Tenant will pay to Landlord all reasonable costs and expenses incurred in receiving, storing or disposing of same and for restoring any damage to the Property caused by such personal property or the removal thereof from the Property.

Section 2804 Holdover

If Tenant fails to surrender possession of the Property, or any part thereof, at the expiration of the Lease Term or upon an earlier termination of this Lease, the continuance in possession of Tenant will constitute a "holding over" by Tenant on a month-to-month basis for which Tenant is and will be liable to pay rent at fair market value (taking into consideration the Affordability Restrictions, if any remain in place on the Property) as such rent is determined by Landlord in its sole and absolute discretion. A holding over by Tenant after the expiration or earlier termination of this Lease will not constitute a renewal or extension of the Lease Term.

ARTICLE XXIX NO CONFLICT OF INTEREST, WARRANTY

Section 2901 No Conflict of Interest

Each party to this Lease covenants that neither they, nor any of their agents or employees who presently exercise any function or responsibility in connection with this Lease, have or will have, or will acquire, any financial interest which constitutes a conflict of interest under applicable City, state or federal laws, ordinances, rules, and regulations, including the Political Reform Act of 1974 (Government Code Sections 81000 et seq.), as it may be amended from time to time. No member, officer, or employee of either party or the governing body of the locality in which the Project is situated, nor any member of the governing body of the locality in which Tenant was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Project, during his or her tenure or for two (2) years thereafter, will have any interest, direct or indirect, in this Lease or the proceeds thereof.

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Section 2902 Warranty Against Speculation

Tenant hereby represents and warrants that this Lease, the development and construction of the Improvements, and its other undertakings pursuant hereto, are, and will be used for, the purpose of providing affordable housing for low and moderate income households, and not for speculation in land holding. Tenant further recognizes:

- (a) The importance of the development of the Project to the general welfare of the community; and
- (b) The substantial financing and other public aids that have been made available by law and by Landlord for the purpose of making such development possible; and
- (c) The fact that a change in ownership or control of Tenant or of a part thereof, or any other act or transaction involving or resulting in a change in ownership, or with respect to the identity of the parties in control of Tenant or the degrees thereof, is for practical purposes a transfer or disposition of the Property and Improvements, except as to Permitted Transfers; and
- (d) The Property is not to be acquired or used for speculation, but only for development and operation by Tenant in accordance with the terms of the AHA and this Lease.

The qualifications and identity of Tenant, and its principals, are of particular concern to the community and Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant.

ARTICLE XXX ADDITIONAL PROVISIONS

Section 3001 Time is of the Essence

Except as otherwise specifically provided in this Lease, time is of the essence in connection with each and every provision contained herein.

Section 3002 Waiver

No waiver by either party of any provision hereof will be deemed to be a waiver of any other provision hereof, or of any subsequent breach of the same or any other provision. No party's consent to, or approval of, any act will be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act. The acceptance of any payment hereunder will not be a waiver of any preceding breach of any provision hereof, other than the failure to make such payment itself, regardless of such party's knowledge of the preceding breach at the time of acceptance of such payment.

Section 3003 Costs of Litigation

If legal action is necessary to enforce a provision hereof, or for damages by reason of an alleged breach of a provision of this Lease, the prevailing party will be entitled to receive from the losing party all costs and expenses, and such amount as the court may adjudge to be reasonable attorneys' fees for the costs incurred by the prevailing party in such action or proceeding.

05.16.22

Section 3004 Institution of Legal Actions

Subject to the notice and cure provisions of Section 2302 and the limited recourse provisions of Section 2406 , in addition to any other rights or remedies (and except as otherwise provided in this Lease), either party may institute legal action to cure, correct or remedy a default, to recover damages for a default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 3005 Applicable Law

The internal laws of the State of California will govern the interpretation and enforcement of this Lease, without reference to the principles governing conflicts of law.

Section 3006 Acceptance of Service of Process

(a) If a legal action is commenced by Tenant against Landlord, service of process on Landlord will be made by personal service upon Landlord's Executive Director or in such other manner as may be provided by law.

(b) If a legal action is commenced by Landlord against Tenant, service of process on Tenant will be made by personal service upon Tenant (or upon an officer of Tenant) and will be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 3007 Relationship of Parties

Nothing contained in this Lease will be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Landlord and Tenant, other than that of landlord and tenant.

Section 3008 Captions for Convenience

The captions herein are for convenience and reference only and are not a part of this Lease, and do not in any way limit, define, or amplify the terms and provisions hereof.

Section 3009 Entire Agreement

This Lease represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, in connection with the lease of the Property, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant will be held to vary the provisions hereof.

05.16.22

Section 3010 Binding Effect

This Lease, and the terms, provisions, promises, covenants, and conditions hereof, will be binding upon and will inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns.

Section 3011 Construction

The parties agree that each party and its counsel have reviewed this Lease, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply in the interpretation of this Lease, or any amendments or exhibits hereto.

Section 3012 Tenant's Payment of Property Taxes

To the extent required by California Health and Safety Code Section 33673, but subject to Tenant's rights to claim exemptions under California Revenue and Taxation Code Section 214, Tenant will pay real property taxes upon the entire assessed value of the Property and not merely the assessed value of its leasehold interest in the Property.

Section 3013 Recording of this Ground Lease

A Memorandum of Lease, substantially in the form attached to the AHA as Attachment No. 8 will be recorded in the Official Records upon commencement of this Lease.

Section 3014 Severability

If any provision of this Lease is adjudged invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Lease will not be affected thereby, and will be valid and enforceable to the fullest extent permitted by law.

Section 3015 Counterparts

This Lease may be executed in several counterparts, each of which is an original, and all of which together constitute but one and the same document.

[Remainder of Page Intentionally Left Blank; Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have executed this Lease.

“LANDLORD”

THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE

Dated: _____, 2022

By: _____

Roubik R. Golanian, P.E.
Interim Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____

Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

“TENANT”

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities, a California nonprofit public
benefit corporation, its sole and managing member

By: _____
Lara Regus
Senior Vice President

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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
LEGAL DESCRIPTION

THAT LAND SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, CITY OF GLENDALE, DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

EXHIBIT B

SITE MAP

[Immediately Follows This Page]

DRAFT

5674 10 SHEET

P.A. 420-23 & 24

TRA 4045

REMOVED 720106 761216602

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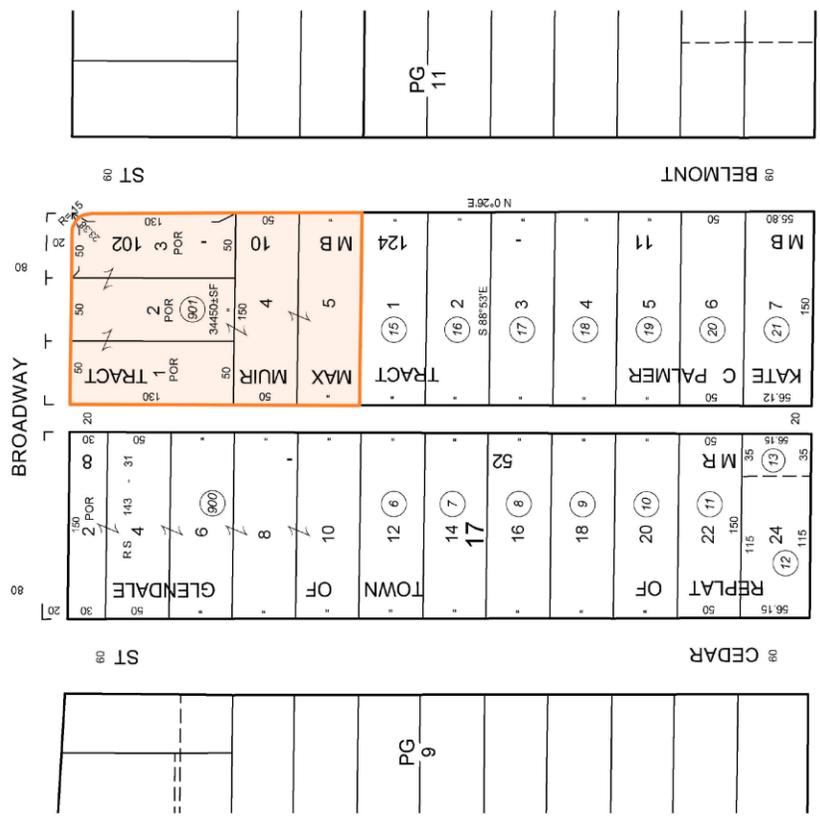
SEARCH NO

OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2022

2020



MAPPING AND GIS SERVICES SCALE 1" = 50'



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO GLENDALE HOUSING AUTHORITY, UNLESS OTHERWISE NOTED.

DATE PRINTED: 2/19/2020 2:35:00 PM
DATE SAVED: 3/5/2020 3:02:57 PM

3-11

3. Assignment. Tenant's rights under the Lease may not be assigned except in compliance with the terms of the Lease.

4. Successors and Assigns. This Memorandum and the Lease bind and inure to the benefit of, the parties and their respective, permitted heirs, successors in interest, and assigns, subject, however, to the terms of the Lease concerning assignment. The provisions of this Memorandum of Lease are solely for the purpose of providing notice of the Lease and, in the event of any conflict between the provisions of this Memorandum of Lease and the provisions of the Lease, the provisions of the Lease will prevail.

5. Execution in Counterparts. This Memorandum may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

[Remainder of Page Intentionally Left Blank; Signatures on Following Pages]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first set forth above.

LANDLORD

THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE

Dated: _____, 2022

By: _____
Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____
Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

TENANT

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

DRAFT

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, _____ before me, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

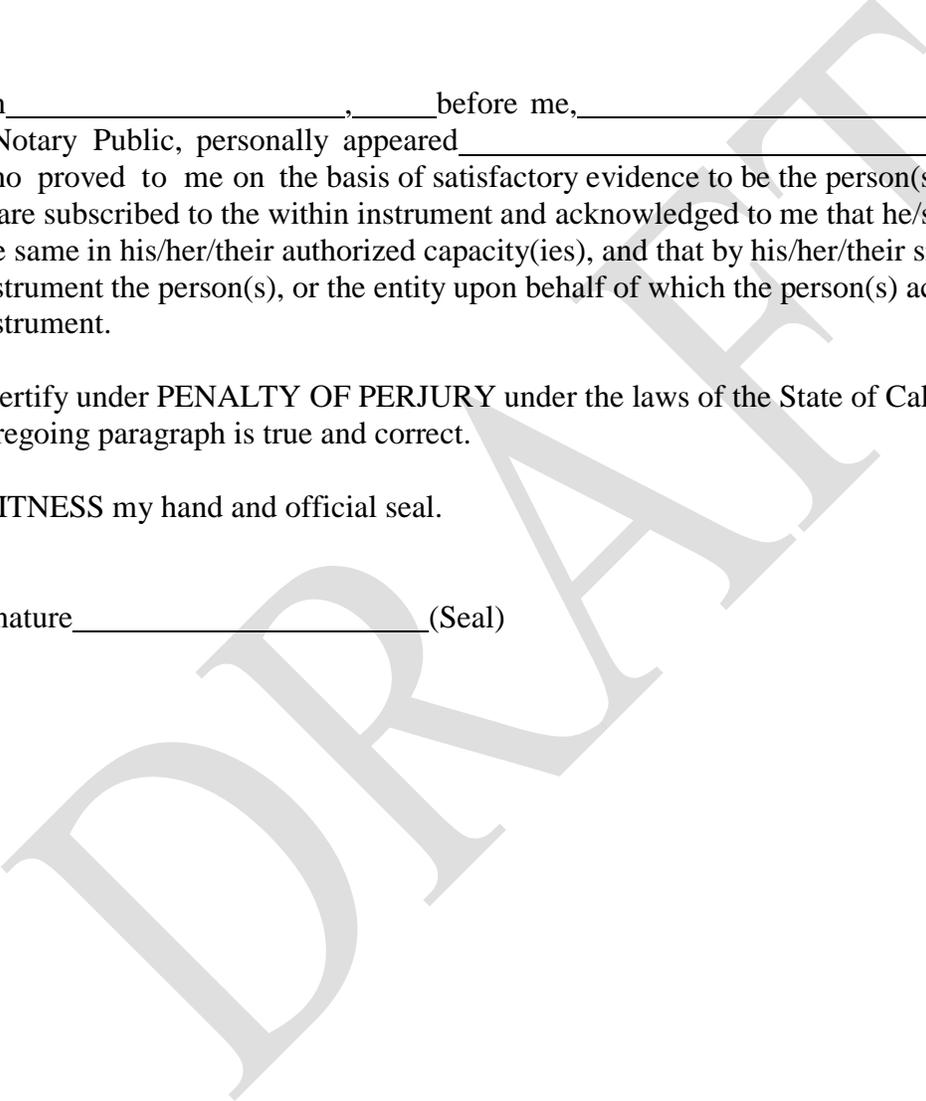


EXHIBIT A

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

DRAFT

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

HOUSING AUTHORITY OF THE
CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attn: Director of Housing
and Community Development

APN: 5674-010-901

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

Notice of Affordability Restrictions on Transfer of Property

NOTICE IS HEREBY GIVEN that pursuant to Health & Safety Code Section 33334.3(f), the Housing Authority of the City of Glendale is recording this Notice of Affordability Restrictions on Transfer of Property (hereinafter the “**Notice**”) with regard to the property located at 912 and 920 East Broadway and 117 S. Belmont Street, Glendale, California, California and more particularly described in Exhibit “A” attached hereto (the “**Property**”).

The Property is subject to an Agreement Containing Covenants (the “**Covenants**”) recorded concurrently herewith, which restricts the use of the Property as follows:

- (1) One (1) unit will be rented exclusively to an Extremely Low Income Senior Citizen Household at an Affordable Rent as provided in California Health and Safety Code Section 50053, consisting of one (1) one bedroom unit;
- (2) Seven (7) units will be rented exclusively to Very Low Income Senior Citizen Households at an Affordable Rent as provided in

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street
Notice of Affordability Restrictions

California Health and Safety Code Section 50053, consisting of five (5) studio units and two (2) one bedroom units;

- (3) Twenty-six (26) units will be rented exclusively to households meeting the fifty percent (50%) income limit under the Extended Use Agreement recorded against the Property in connection with the Tax Credits, consisting of the following: (a) nine (9) studio units; and (b) seventeen (17) one-bedroom units; and
- (4) Five (5) units will be rented exclusively to households meeting the sixty percent (60%) income limit under the Extended Use Agreement recorded against the Property in connection with the Tax Credits, consisting of five (5) one-bedroom units.

The maximum incomes of eligible tenants under (1) and (2) above will be determined on the basis of the income limits for Extremely Low Income and Very Low Income households in the Los Angeles-Long Beach SMSA, published approximately annually by the California Department of Housing and Community Development (“**HCD**”). If HCD discontinues publishing such income limits, the term “Extremely Low Income” will mean a household income that does not exceed 30% of the area median income, adjusted for family size, and the term “Very Low Income” will mean a household income that does not exceed 50% of the area median income, adjusted for family size. For the term of the Tax Credits, in no case will household income exceed applicable Tax Credit income limits.

Rents charged to a tenant will not exceed rents that are affordable to Extremely Low Income, Very Low Income and Low Income households, as applicable, (as “**Affordable Rent**” is defined below). The maximum rents, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households will be the lower of the maximum rent applicable to Low Income Housing Tax Credits pursuant to the Tax Reform Act of 1986, as amended, and governed by Section 42 of Internal Revenue Code requirements for so long as such requirements are applicable or the maximum rent for the applicable income level as set forth below:

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street

Notice of Affordability Restrictions

Page 2

- (a) In the case of an Extremely Low Income Senior Citizen Household, the maximum rent will be a rent that does not exceed 30 percent (30%) of thirty percent (30%) of the area median income adjusted for household size appropriate to the unit, as determined by the California Department of Housing and Community Development;
- (b) In the case of a Very Low Income Senior Citizen Household, the maximum rent will be a rent that does not exceed 30 percent (30%) of fifty percent (50%) of the area median income adjusted for household size appropriate to the unit, as determined by the California Department of Housing and Community Development; and
- (c) In the case of a Senior Citizen Household occupying a unit described in Paragraph (3) or (4) above, the maximum rent will be the maximum allowable rent under the Extended Use Agreement recorded against the Property in connection with the Tax Credits.

For the purpose of determining Affordable Rent under Paragraphs (1) and (2), household size appropriate to the unit will mean one (1) person in the case of a studio and two (2) persons in the case of a 1-bedroom unit.

The affordability restrictions imposed on the Property by the Covenants are scheduled to expire on the date that is seventy-five (75) years after the date of Conversion or such longer period of time so that the Restricted Period is not less than the Term of the Ground Lease, as may be extended pursuant to the terms thereof.

This Notice is recorded for the purpose of providing notice only and it in no way modifies the provisions of the Covenants.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street
Notice of Affordability Restrictions

Page 3

THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE

Dated: _____, 2022

By: _____

Roubik R. Golanian, P.E.
Interim Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____

Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

CONSENT TO RECORDATION

The undersigned, owner of the leasehold interest in real property legally described in Exhibit "A" hereto, hereby consents to the recordation of the foregoing Notice of Affordability Restrictions on Transfer of Property against said real property.

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

By: _____
Lara Regus
Senior Vice President

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
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Signature _____ (Seal)

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STATE OF CALIFORNIA)
)
COUNTY OF _____)

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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"

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attn: Director of Housing
and Community Development

APN: 5674-010-901

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

AGREEMENT CONTAINING COVENANTS
(Including Rental Restrictions)
(912 and 920 East Broadway & 117 S. Belmont Street)

THIS AGREEMENT CONTAINING COVENANTS (“**Agreement**”) is entered into as of _____, 2022 by and between the HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body, corporate and politic (“**Authority**”) and HARROWER VILLAGE, L.P., a California limited partnership (“**Developer**”).

WHEREAS, Developer is the owner of a leasehold interest in that certain real property (“**Property**”) located in the City of Glendale and more particularly described in Exhibit “A” which is attached hereto and incorporated herein by this reference; and

WHEREAS, for the purpose of providing housing that will be affordable to Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households, Developer and the Authority have entered into an Affordable Housing Agreement, dated as of May 24, 2022, as amended from time to time (“**Affordable Housing Agreement**”), which is incorporated herein by this reference (any capitalized term that is not otherwise defined in this Agreement has the meaning ascribed to such term in the Affordable Housing Agreement); and

WHEREAS, pursuant to the Affordable Housing Agreement, the Authority is providing financial assistance to Developer to assist in the acquisition and development and rehabilitation of the Property, using the LMIHAF and Measure S Funds; and

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street
Agreement Containing Covenants

WHEREAS, the Developer has obtained an allocation of Low Income Housing Tax Credits pursuant to the Tax Reform Act of 1986, as amended, and governed by Section 42 of Internal Revenue Code (“**Tax Credits**”); and

WHEREAS, the use of the Tax Credits to finance the development and rehabilitation of the Property imposes income and affordability requirements, provided however, that nothing herein will be deemed to authorize charging rents in excess of the Affordable Rent for the specified units set forth in Section 3.a below; and

WHEREAS, the Affordable Housing Agreement contains certain provisions relating to the use of the Property and imposes additional income and affordability requirements.

NOW, THEREFORE, AUTHORITY AND OWNER COVENANT AND AGREE AS FOLLOWS:

1. Construction Covenant.

Developer hereby covenants and agrees on behalf of itself and its successors and assigns in the Property or any portion thereof or any improvements thereon or any interest therein that Developer and such successors and assigns will develop and construct on the Property a residential apartment Project, which will contain forty (40) residential units (14 studios, 25 one-bedrooms and 1 two-bedroom) and associated amenities, in accordance with the Affordable Housing Agreement (including but not limited to the Scope of Development), the Ground Lease, this Agreement, and plans approved by the City of Glendale.

2. Maximum Incomes.

a. Developer covenants and agrees for itself and its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer and its successors and assignees will use the Property exclusively to provide affordable housing for Extremely Low, Very Low, and Low Income Senior Citizen Households, subject to all of the terms and conditions of this Agreement, except for one two-bedroom unit designated as the management unit for the on-site manager. The remaining 39 units will be allocated as follows:

i. One (1) unit will be rented exclusively to an Extremely Low Income Senior Citizen Household at an Affordable Rent as provided in California Health and Safety Code Section 50053, consisting of one (1) one bedroom unit.

ii. Seven (7) units will be rented exclusively to Very Low Income Senior Citizen Households at an Affordable Rent as provided in California Health and Safety Code Section 50053, consisting of five (5) studio units and two (2) one bedroom units.

iii. Twenty-six (26) units will be rented exclusively to households meeting the fifty percent (50%) income limit under the Extended Use Agreement recorded against

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street
Agreement Containing Covenants

the Property in connection with the Tax Credits, consisting of the following: (a) nine (9) studio units; and (b) seventeen (17) one-bedroom units.

iv. Five (5) units will be rented exclusively to households meeting the sixty percent (60%) income limit under the Extended Use Agreement recorded against the Property in connection with the Tax Credits, consisting of five (5) one-bedroom units.

b. The maximum incomes of eligible tenants for the units described in paragraphs 2.a.i and 2.a.ii above will be determined on the basis of the income limits for Extremely Low Income and Very Low Income households respectively in the Los Angeles-Long Beach SMSA, published approximately annually by the California Department of Housing and Community Development (“HCD”). If HCD discontinues publishing such income limits, the term “Extremely Low Income” will mean a household income that does not exceed 30% of the area median income, adjusted for family size, and the term “Very Low Income” will mean a household income that does not exceed 50% of the area median income, adjusted for family size. For the term of the Tax Credits, in no case will household income exceed applicable Tax Credit income limits.

c. Developer will obtain and maintain on file an income computation and certification form from such prospective tenant dated immediately prior to the date of initial occupancy. Developer will verify that the income information provided by an applicant is accurate by following all applicable Authority policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtain two (2) pay stubs from the most recent pay periods; (ii) obtain a written verification of income and employment from applicant’s current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant’s income as is reasonably satisfactory; or (v) obtain such other information as may be reasonably required. Each tenant lease will contain a provision to the effect that Developer has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of a Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

d. Developer will update income records annually and provide copies of updated tenant eligibility records and monthly rental records to the Authority for review. Upon review of such records, the Authority may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Costs for such an audit performed by the Authority will be deemed an Operating Expense, deductible from the Project’s Revenue (as such terms are defined in the LMIHAF Note and the Measure S Note). Developer will retain the records described in this Section for a period of not less than five (5) years after the date each record was created.

05.16.22

912 and 920 East Broadway & 117 S. Belmont Street
Agreement Containing Covenants

3. Maximum Rents.

a. Rents charged to a tenant will not exceed rents that are affordable to Extremely Low Income, Very Low Income and Low Income households, as applicable, (as “**Affordable Rent**” is defined below). The maximum rents, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households will be the lower of the maximum rent permitted to be charged pursuant to the Extended Use Agreement recorded against the Property in connection with the Tax Credit requirements for so long as such requirements are applicable and the maximum rent for the applicable income level as set forth below:

i. In the case of an Extremely Low Income Senior Citizen Household, the maximum rent will be a rent that does not exceed 30 percent (30%) of thirty percent (30%) of the area median income adjusted for household size appropriate to the unit, as determined by HCD.

ii. In the case of a Very Low Income Senior Citizen Household, the maximum rent will be a rent that does not exceed 30 percent (30%) of fifty percent (50%) of the area median income adjusted for household size appropriate to the unit, as determined by HCD.

iii. In the case of a Senior Citizen Household occupying a unit described in Paragraphs **Error! Reference source not found.** or **Error! Reference source not found.** above, the maximum rent will be the maximum allowable rent under the Extended Use Agreement recorded against the Property in connection with the Tax Credits.

iv. For the purpose of determining Affordable Rent under Paragraphs 3.a.i and 3.a.ii, household size appropriate to the unit will mean one (1) person in the case of a studio and two (2) persons in the case of a 1-bedroom unit.

b. This affordability requirement will continue in effect for the Term of this Agreement.

c. Failure to comply with the affordability requirements of this Agreement following notice from the Authority and an opportunity to cure such failure is an event of default under the terms of the LMIHAF Loan and the Measure S Loan. Pursuant to the LMIHAF Promissory Note evidencing the LMIHAF Loan and the Measure S Promissory Note evidencing the Measure S Loan, subject to the right to cure, the LMIHAF Loan and the Measure S Loan will each be due and payable immediately if the housing does not meet the affordability requirements of this Agreement.

d. Upon request, the Authority Executive Director will notify Developer of the maximum rents that may be charged under Paragraphs 3.a.i and 3.a.ii (not to exceed “Affordable Rent”) and the maximum income of persons who are eligible to occupy the Property, based on the then-current area median income. In no event will rents exceed the maximum rent permitted by the tax credit regulations or (with regard to the allocation of units set forth in Section 2.a hereof) the rules applicable to the use of LMIHAF and Measure S Fund moneys, whichever is the lowest.

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e. Developer, its successors and assigns will not charge rents in excess of the amounts determined as set forth in Section 3. In the event that either Developer or the Authority determines that Developer has charged a tenant rent in excess of the amount set forth herein, Developer will immediately reimburse the tenant the amount of overpayment, with interest, from the date of rental payment, at the highest non-usurious rate of interest permitted by law, within ten (10) days of such determination. Developer may revise rents not more than once annually.

4. Project Monitoring Fee.

Annually, on or before the first day of each fiscal year, Developer will pay to the Authority a Project monitoring fee in an amount equal to \$100 per Unit per year, which fee shall accrue interest if not paid when and as due under this Agreement, from the date the fee is due until paid in full, at the highest non-usurious rate of interest then permitted by law. Notwithstanding any other provision of this Agreement, this provision shall be subject to a fifteen (15) day notice and cure period.

5. Tenant Selection.

Developer will adopt, based upon a draft prepared by the Authority, written tenant selection policies and criteria, for approval by the Authority, that meet the following requirements:

a. Are consistent with the purpose of providing housing for Extremely Low, Very Low Income, and Low Income Senior Citizen Households.

b. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

c. Give reasonable consideration to the housing needs of persons that would have a preference under 42 CFR §906.211 (Federal selection preferences for admission to Public Housing);

d. Provide for:

i. The selection of otherwise eligible tenants from a written waiting list in the chronological order of their application, insofar as is practicable, taking into account applicants' need for accessible features;

ii. The prompt written notification to any rejected applicant of the grounds for any rejection;

e. Tenant selection will be administered in accordance with the tenant selection plan approved by the Authority.

f. Carry out the Affirmative Marketing procedures of the City of Glendale, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups

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in the housing market area. Developer and Authority will cooperate to effectuate this provision during the Developer's initial lease-up of the Property and as vacancies occur.

6. Nondiscrimination Based on Source of Income.

Developer, its successors and assigns, will not refuse to accept for occupancy an otherwise eligible household that is a holder of a certificate or voucher under 24 CFR part 982-Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate of family participation, rental voucher, or comparable HOME tenant-based assistance document.

7. Increases in Tenant Incomes.

This Section will govern in the event of increases in tenant incomes: (a) a tenant who initially qualified as an Extremely Low Income Household, but who, due to an increase in income, no longer qualifies as an Extremely Low Income Household but does qualify as a Very Low Income Household, will pay as rent an amount that is Affordable Rent to a Very Low Income Household, as defined in Section 2 above; (b) a tenant who initially qualified as a Very Low Income Household, but who, due to an increase in income, no longer qualifies as a Very Low Income Household but does qualify as a Low Income Household, will pay as rent an amount that is Affordable Rent to a Low Income Household, as set forth in Health and Safety Code section 50053; and (c) a tenant who initially qualified as a Very Low Income or a Low Income Household, but who, due to an increase in income, no longer qualifies as either a Very Low Income or a Low Income Household, will pay as rent the lesser of the amount payable by the tenant under tax credit regulations, State or local law or 30 percent of the household's adjusted income.

8. Tenant Protections.

Each tenant lease must provide for housing for not less than one year, unless by mutual agreement between the tenant and the Developer. The lease may not contain any of the following provisions (in which references to "owner" will mean the Developer, its successors or assigns):

a. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

b. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with state law;

c. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

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d. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

e. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

f. Agreement by the tenant to waive the right to a trial by jury;

g. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the tenant housing agreement; and

h. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

9. Termination of Lease.

Developer, its successors or assigns, may not terminate a lease or refuse to renew the lease of a tenant, except for: serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state, or local law; or other good cause. Any termination or refusal to renew must be provided by Developer's service upon the tenant of a written notice specifying the grounds for the action in the time and manner proscribed by law.

10. Maintenance Obligations.

Developer will maintain the improvements on the Property in compliance with all applicable housing quality standards and local code requirements, and will keep the Property free from any unreasonable accumulation of debris or waste materials. Maintenance will be performed in a manner that will preserve the Project's LEED standards. Prior to the recordation of this Agreement, Developer prepared and submitted to the Executive Director of the Authority for approval a program (the "**Maintenance Program**") for the maintenance of the Property and the Improvements. For the Term of this Agreement, Developer, and its successors and assigns, will maintain the Property and the Improvements in accordance with the approved Maintenance Program, as the same may be amended from time to time with the written approval of the Executive Director of the Authority. If Developer fails to maintain the Property and the Improvements in accordance with the approved Maintenance Program, the Authority will have the right, but not the obligation, to enter the Property and the Improvements, correct any violation, and hold Developer responsible for the cost thereof, and such cost, until paid, will constitute a lien on the Property.

11. Nondiscrimination.

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, there will be no discrimination against or segregation of any

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person, or group of persons, on account of race, color, national origin, religion or sex in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor will Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. All deeds, leases or contracts will contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

b. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

c. In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

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912 and 920 East Broadway & 117 S. Belmont Street
Agreement Containing Covenants

12. Management Obligations.

Prior to the recordation of this Agreement, Developer prepared and submitted to the Authority Executive Director for approval a “**Management Plan**” pursuant to the Affordable Housing Agreement, describing Developer’s proposed plans for managing and operating the Property, a copy of which is on file at the offices of the Authority. For the Term of this Agreement, Developer will manage and operate the Property in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by the Developer and the Authority Executive Director. Throughout the Term of this Agreement, the Project must include at least one on-site Property Manager.

13. Removal and Replacement of Property Manager.

Developer’s agreement with the Property Manager must provide that it is subject to termination by Developer without penalty, upon thirty (30) days prior written notice. Developer hereby covenants and agrees that, if the Authority determines in its reasonable judgment that the Project is not being operated and managed in accordance with the approved Management Plan, the Authority may deliver notice to the Developer of its determination that the Project’s management practices do not conform to the Management Plan (the “**Authority Notice**”), including a reasonably detailed explanation of such non-conformance. The Authority and Developer will meet and confer in good faith to identify actions to be taken by Developer to bring its management practices into conformance with the Management Plan, which could include replacing the Property Manager. Developer will have thirty (30) days after receipt of the Authority Notice (or such longer time as may be granted by the Authority) to either change its management practices to conform to the Management Plan or replace the Property Manager with a manager approved by the Authority and by all of Developer’s “Permitted Leasehold Mortgagees” as such term is defined in the Ground Lease. Developer must promptly notify the Authority upon learning that there is a change in the management or control of the Property Manager, and, if the change is unsatisfactory to the Authority, it may require Developer to replace the Property Manager in accordance with the terms of this paragraph. Notwithstanding the foregoing, if the Authority determines that the Property Manager has violated local, state, or federal campaign finance laws, it will have the right to require Developer to immediately remove and replace the Property Manager with a manager approved by the Authority.

14. Financial Reports.

Developer will submit the following financial reports for the Project:

- a. On or before the first day of each fiscal year, an estimated annual budget for management of the Property (the “**Annual Project Budget**”). The Annual Project Budget will include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project; and will show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and

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balances. The Annual Project Budget, including any amendments proposed by the Developer, will be subject to the approval of the Authority Executive Director.

b. Sixty (60) days following the last day of each quarter of the fiscal year, beginning on the date of first occupancy, a quarterly report for the management of the Property (the “**Quarterly Report**”) during such quarter. The Quarterly Report will include a profit and loss statement, budget to date figures, and occupancy report. The Executive Director in his sole discretion may waive the requirement of the Quarterly Report for one or more quarterly reporting periods. However, such waiver will not operate to waive any future right of the Authority to require a subsequent Quarterly Report. If at any time the Authority determines that the Property is not being managed or maintained in accordance with the approved Management Plan, Developer will change its management personnel or the practices complained of, upon receipt of written notice from the Authority.

c. Developer will pay to Authority a late fee in the amount of \$1,500 for each Annual Project Budget and/or Quarterly Report which is not submitted to the Authority within the times and in the form and substance required by this Agreement, which late fee shall accrue interest if not paid when and as due under this Agreement, from the date the fee is due until paid in full, at the highest non-usurious rate of interest then permitted by law. Notwithstanding any other provision of this Agreement, this provision shall be subject to a sixty (60) day notice and cure period.

15. Term of This Agreement.

The covenants established in this Agreement and any amendments hereto approved by the Authority and the Developer will, without regard to technical classification and designation, be binding for the benefit and in favor of the Authority, its successors and assigns, and the City of Glendale. The requirements of this Agreement will commence at its recordation and will remain in effect until the date that is seventy-five (75) years after Conversion or such longer period of time so that the Restricted Period is not less than the Term of the Ground Lease, as may be extended pursuant to the terms thereof (the “**Term**”). This Agreement will remain in effect throughout its full Term, notwithstanding the payment in full of the LMIHAF Loan and/or the Measure S Loan. This Agreement is secured by the Deed of Trust recorded concurrently herewith and Developer will not be entitled to a reconveyance of the Deed of Trust prior to the expiration of the full Term of this Agreement. This Agreement will unconditionally be and remain at all times prior and superior to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents and to the lien of any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan.

16. Enforcement of This Agreement.

The Authority and the City of Glendale are deemed beneficiaries of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit

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this Agreement and the covenants running with the land have been provided. The Authority and the City will each have the right, if the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled. Developer hereby agrees that specific enforcement of its obligations contained herein is the only means by which the Authority may fully obtain the benefits of this Agreement, and Developer therefore agrees to the imposition of the remedy of specific performance against it in the case of uncured default by Developer hereunder.

17. Waiver.

A waiver by the Authority or the City of the performance of any covenant or condition herein will not invalidate this Agreement nor will it be considered a waiver of any other covenants or conditions, nor will the delay or forbearance by the Authority or the City in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

18. Covenants Run With the Land.

The covenants and agreements contained herein will run with the land and not be personal obligations of Developer. Upon the sale, conveyance or other transfer of the Property approved by the Authority or otherwise permitted under the Affordable Housing Agreement, the Authority Note and Deed of Trust (a “**Transfer**”) and the assumption of the obligations hereunder by a transferee, the Developer’s liability for performance will be terminated as to any obligation to be performed hereunder after the date of such Transfer.

19. Amendments.

This Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the Official Records of the County of Los Angeles, State of California; provided, however, the restrictions on the income and rent restrictions must be approved by all “Permitted Leasehold Mortgagees” as such term is defined in the Ground Lease.

20. Notice.

Any notice required to be given hereunder shall be given in the manner set forth in the Affordable Housing Agreement.

21. Execution in Counterparts.

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

[Remainder of Page Intentionally Left Blank] [Signatures Appear on Next Pages]

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IN WITNESS WHEREOF, the Authority and Developer have executed this Agreement.

“AUTHORITY”

THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE

By: _____
Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____
Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[Signatures Continue on Next Page]

“DEVELOPER”

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

DRAFT

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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"

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

Recording Requested by
and When Recorded Return to:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attention: Director of Housing
and Community Development

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 5674-010-901

OFFICIAL BUSINESS
Document entitled to free
(Govt. Code §27383)

**AGREEMENT CONTAINING HOME PROGRAM REQUIREMENTS
(24 CFR § 92.504)**

THE HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body, corporate and politic (“**Authority**”) and HARROWER VILLAGE, L.P., a California limited partnership (“**Developer**”), in furtherance of the regulations issued by the United States Department of Housing and Urban Development set forth in 24 CFR Part 92 (the “**HOME Regulations**”), hereby agree as follows as of _____, 2022.

WHEREAS, the Authority is responsible for administering the use of certain funds made available to the City of Glendale by the United States Department of Housing and Urban Development (“**HUD**”) under the HOME Investment Partnerships Program (the “**HOME Program**”); and

WHEREAS, Developer is the owner of a leasehold interest in that certain real property (the “**Property**”) located in the City of Glendale and more particularly described in Exhibit “A” which is attached hereto and incorporated herein by this reference, pursuant to that certain Ground Lease between the Authority and Developer dated as of _____, 2022 (the “**Ground Lease**”); and

WHEREAS, the Housing Authority and Developer have entered into an Affordable Housing Agreement dated as of May 24, 2022, as amended from time to time (the “**AHA**”), providing, among other things, for the construction on the Property of a 40-unit multi-family
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912 and 920 East Broadway & 117 S. Belmont Street
HOME Regulatory Agreement
Page 1

housing project, of which 39 units will be operated as affordable rental housing for Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households; and

WHEREAS, pursuant to the AHA, the Authority is providing a loan of HOME Funds to Developer in the aggregate principal amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) (the “**HOME Loan**”), for payment of a portion of the development costs of the Project; and

WHEREAS, the parties mutually desire to comply with all applicable HOME Regulations.

NOW, THEREFORE, the Authority and Developer hereby agree as follows:

1. Term of this Agreement.

In accordance with the formula set forth in 24 CFR 92.252(e) and as required by 24 CFR 92.504 (c)(3)(ix), this Agreement will remain in effect for not less than fifteen (15) years for rehabilitated HOME units and not less than twenty (20) years for newly constructed HOME units following the date the City of Glendale issues a certificate of occupancy for the Project (the “**HOME Affordability Period**”); and, following the expiration of the HOME Affordability Period will continue and remain in effect for the benefit of the Authority for an additional sixty (60) years for rehabilitated HOME units (or longer to the extent the Ground Lease term is longer than 75 years) and an additional fifty-five (55) years for newly constructed HOME units (or longer to the extent the Ground Lease term is longer than 75 years), for a total term of seventy-five (75) years or such longer period of time so that the HOME Affordability Period is not less than the Term of the Ground Lease, as may be extended pursuant to the terms thereof.

2. Affordable Housing Agreement.

The AHA, as it may be amended from time to time, including all the attachments appended thereto, is incorporated herein by this reference. Any capitalized term not otherwise defined herein will have the meaning ascribed to such term in the AHA.

3. Use of HOME Funds. 24 CFR 92.504(c)(3)(i).

The HOME Funds will be used exclusively for the payment of costs incurred in connection with the development of the Property and the construction thereon of the Project (sometimes referred to herein as the “**Project Activities**”) in accordance with the AHA.

a. Schedule. Subject to Force Majeure Delays, the development of the Property will be accomplished within the time provided in the Schedule of Performance, which is attached to the AHA as Attachment No. 5.

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b. Tasks and Budget. The tasks to be performed with the use of the HOME Funds, and the Project Budget, which specifies the line items for which HOME Funds will be used, are set forth in the Project Budget attached to the AHA as Attachment No. 6.

4. Affordability. 24 CFR 92.252; 92.504(c)(3)(ii).

a. The Project will be used exclusively as affordable rental housing as required by the various regulatory agreements relating to the Project. Eleven (11) units will be designated as floating HOME units (“**HOME-assisted Units**”) and restricted as follows:

i. Three (3) studio units for Very Low Income Senior Citizen Households (income not to exceed fifty (50%) of median family income as determined by the United States Department of Housing and Urban Development).

ii. Eight (8) one-bedroom units for Low Income Senior Citizen Households (income not to exceed eighty 80% of median family income as determined by the United States Department of Housing and Urban Development).

b. The maximum rent, including a reasonable utility allowance for utilities and services (excluding telephone), to be paid by Very Low Income households must meet either i. or ii. of the following rent requirements:

i. The rent does not exceed the lesser of (a) 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, as provided by HUD; (b) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or

ii. The rent does not exceed 30 percent of the family’s adjusted income. If the unit receives Federal or State project-based rental subsidy and the family pays as contribution toward rent not more than 30 percent of the family’s adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

c. The maximum rent, including a reasonable utility allowance for utilities and services (excluding telephone), to be paid by Low Income households may not exceed the lesser of:

i. the fair market rent for existing housing for comparable units in the area, as established by HUD under 24 CFR 888.111; and

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ii. a rent that does not exceed 30 percent of the adjusted income (as that term is defined in 24 CFR 92.203) of a family whose annual income (as that term is defined in 24 CFR 92.203) equals 65 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

d. The HOME rent limits published by HUD will include average occupancy per unit and adjusted income assumptions.

e. The parties agree that if the Project were placed in service on the date of this Agreement, the maximum gross rents that would be paid by, and the HOME-assisted Units that would be occupied by, Very Low Income households and Low Income households pursuant to Section 4 would be as set forth in the table of rents appended as Exhibit B. The HOME rents provided in Exhibit B will be adjusted to not exceed the maximum rent limits provided by HUD at the date of initial occupancy and will be adjusted periodically thereafter in accordance with 24 CFR part 92.252(f) and (g).

f. Rents for the HOME-assisted Units will remain affordable to Very Low Income households and Low Income households pursuant to this Agreement for the term set forth in Section 1 of this Agreement.

g. Prior to initial lease-up of the Project, Developer must submit to Authority for its approval the street address and unit number of the proposed HOME-assisted Units. Developer may not thereafter change the identity of the HOME-assisted Units without prior written approval by the Authority. Each substituted unit must be comparable to the originally designated HOME-assisted unit in terms of size, features, and number of bedrooms.

h. Failure to comply with the affordability requirements of this Agreement is an event of default under the terms of the HOME Loan. Pursuant to the HOME Note evidencing the HOME Loan, subject to the right to cure, the HOME Loan will be due and payable immediately if the rents for HOME-assisted Units do not meet the affordability requirements of this Agreement.

i. The affordability requirements of this Agreement are in addition to and not in substitution for the affordability requirements set forth in that certain Agreement Containing Covenants attached to the AHA as Attachment No. 10, recorded concurrently with this Agreement.

5. Project Requirements. 24 CFR 92 Subpart F (92.250 - 92.258).

Developer will comply with all applicable requirements set forth in Subpart F of the HOME Regulations, as provided elsewhere in this Agreement and also including the following:

a. Maximum Per-Unit Subsidy. 24 CFR 92.250. The amount of the HOME loan may not exceed the per unit dollar limits established by HUD pursuant to section 221(d)(3)(ii) 05.16.22

of the National Housing Act, as implemented in regulations issued by HUD, 24 CFR 221.514(b)(1) and (c).

b. Property Standards. 24 CFR 92.251; 24 CFR 92.504 (c)(3)(iv).

i. The development and maintenance of the Property will comply with the City's building code and all other applicable local codes, rehabilitation standards, ordinances and zoning ordinances in effect at the time of project completion, and the Property will be decent, safe and sanitary will conform to the following codes that have been adopted by the City of Glendale: Uniform Building Code (UBC) as adopted by the State of California (California Building Code [Title 24 Part 2], National Electrical Code (NEC), Uniform Plumbing Code (UPC), Uniform Mechanical Code (UMC) and California Energy Code (CEC).

ii. The Property will comply with the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and, if applicable, the design and construction requirements at 24 CFR 100.205 for covered multifamily dwellings, as defined at 24 CFR 100.201, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

iii. The Project will comply with the lead-based paint standards in Section 92.355. Housing assisted with HOME Program funds constitutes HUD-associated housing for the purpose of Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Section 4821, et seq.) and is, therefore, subject to 24 Code of Federal Regulations Part 35. Accordingly, and pursuant to Section 92.355 of the Regulations, Developer hereby agrees to and will be responsible for testing and abatement activities specified in the Lead-Based Paint Poisoning Prevention Act and the regulations set forth at 24 Code of Federal Regulations Part 25 with respect to the construction of the Property.

c. Tenant Protections. 24 CFR 92.253. The Developer will comply with the tenant protection provisions of 24 CFR 92.253.

d. Termination of Tenancy. 24 CFR 253(c). Developer, its successors or assigns, may not terminate the tenancy or refuse to renew the lease of a tenant, except (i) for serious or repeated violation of the terms and conditions of the lease; (ii) for violation of applicable federal, state, or local law; or (iii) for other good cause. Pursuant to 24 C.F.R. 92.253(c), any termination or refusal to renew must be preceded by not less than 30 days by the Developer's service upon the tenant of a written notice specifying the grounds for the action.

e. Converting Rental Units to Homeownership Units for Existing Tenants. 24 CFR 92.255. Conversion of rental units to homeownership units will not be permitted.

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f. Faith Based Activities. 24 CFR 92.257. Developer will comply with the restrictions on the use of HOME Funds for faith based activities as set forth in Section 92.257. Developer hereby certifies that HOME Funds will not be used for the acquisition, construction or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Developer will use the HOME Funds for the construction of structures only to the extent the structures are used for conducting eligible activities under 24 CFR Part 92.

g. Affirmative Marketing Requirements. 24 CFR 92.351; 92.504(c)(3)(v). Prior to the initial lease-up of the Project, Developer will consult with and obtain the approval of the Authority in developing an affirmative marketing plan for renting the units. The affirmative marketing plan must comply with the requirements of 24 CFR 92.351.

6. Records and Reports. 24 CFR 92.504(c)(3)(vi); 92.508; 92.61.

To assist the Authority in meeting its recordkeeping and reporting requirements, Developer will prepare, maintain and submit to the Authority, as appropriate, the following records and reports:

a. Records which demonstrate that the Property meets the property standards described in Section 5.b;

b. Records which demonstrate, in accordance with 24 CFR 92.203, that each family occupying a HOME-assisted Unit is income eligible;

c. Records which demonstrate that the Property meets the affordability and income targeting requirements of 24 CFR 92.252 for the Term of this Agreement. Records will be kept for each family in a HOME-assisted Unit;

d. Records which demonstrate that each lease for a HOME-assisted Unit complies with the tenant protections specified in 24 CFR 92.253;

e. Equal opportunity and fair housing records, including, as applicable:

i. data on the extent to which each racial and ethnic group and single-headed household (by gender of household head) have applied for, participated in, or benefitted from, any program or activity funded in whole or in part with HOME funds;

ii. documentation of actions undertaken to meet the requirements of 24 CFR Part 135 which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701u);

iii. documentation of actions taken to affirmatively further fair housing with respect to the Project;

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f. Affirmative Marketing and MBE/WBE records, including, as applicable:

i. records documenting compliance with the affirmative marketing procedures and requirements of 24 CFR 92.351;

ii. documentation and data on the steps taken by Developer to implement the Authority's outreach programs to minority-owned and female-owned businesses including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with HOME funds, the amount of the contract or subcontract, and documentation of the Developer's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services;

iii. records which demonstrate compliance with the requirements of 24 CFR 92.353 relating to displacement, relocation and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying or moving into the Property on and after the date on which Developer obtained site control;

iv. records demonstrating compliance with the labor requirements of 24 CFR 92.354, including contract provisions and payroll records;

g. Records which support any exceptions to the conflict of interest prohibition of 24 CFR 92.356.

h. Debarment and suspension certifications required by 24 CFR Parts 24 and 91.

i. Records, data and documentation as required for the Authority's performance of its reporting obligations under the Federal Funding Accountability and Transparency Act of 2006 (FFATA), to the fullest extent applicable to the Project, which may include but is not necessarily limited to reporting of executive compensation received by executives of Developer and/or executives of Developer's partners or members and/or executives of partners or members of any of Developer's partners or members.

7. Retention and Inspection of Records. 24 CFR 92.504(c) & (d).

a. Developer will retain all books and records relevant to the Project for a minimum of five years after the project completion date, except that records of individual tenant income verifications, project rents and project inspections will be retained for the most recent five year period until five years after the affordability period terminates. If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of

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the required record retention period, records must be retained until the completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

b. The Authority, HUD and the Comptroller General of the United States, and any of their representatives, will have the right of access to any pertinent books, documents, papers or other records of the Developer, in order to make audits, examinations, excerpts and transcripts.

8. Enforcement of the Agreement. 24 CFR 92.504(c)(3)(vii).

The AHA and all of its attachments, will be enforceable by the Authority in accordance with the terms thereof. Each of the AHA, this Agreement, the HOME Note and the Authority Deed of Trust provide a means of enforcement if the Developer is in breach of its obligations hereunder and thereunder, including liens on the Property, deed restrictions and covenants running with the land. Developer hereby agrees that specific enforcement of its obligations contained herein is the only means by which the Authority may fully obtain the benefits of this Agreement, and Developer therefore agrees to the imposition of the remedy of specific performance against it in the case of uncured default by Developer hereunder. Provided however, the rights and remedies of the Agency are cumulative, and the exercise by the Agency of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Owner. Failure to comply with the requirements of this Agreement is an event of default under the terms of the HOME Note and the Authority Deed of Trust. Notwithstanding anything to the contrary stated herein, a breach of this Agreement by Developer or its successors and assigns will in no way defeat, invalidate or impair the obligation or priority of any mortgage or deed of trust encumbering the leasehold interest in the Property.

9. Requests for Disbursement of Funds. 24 CFR 92.504(c)(3)(viii).

Developer will not request disbursement of HOME funds until the funds are needed to pay eligible costs. The amount of each disbursement request will be limited to the amount needed. The Authority will have the right to disapprove any request if the Authority determines the request is for an ineligible item or is otherwise not in compliance with or inconsistent with the AHA and this Agreement.

10. Duration of Agreement. 24 CFR 92.504(c)(3)(ix).

The Agreement will remain in effect for the period of affordability required pursuant to 92.252, and thereafter as set forth in Section 1 of this Agreement.

11. Other Program Requirements. 24 CFR 92, Subpart H (92.350 - 92.358).

Developer will comply with all applicable federal requirements set forth in Subpart H of the 05.16.22

HOME regulations, including the following:

a. Other Federal Requirements and Nondiscrimination. 24 CFR 92.350. Developer acknowledges that 24 CFR 92.350 provides that the Federal requirements set forth in 24 CFR Part 5, subpart A, are applicable to participants in the HOME program, and that these Federal requirements include the following:

i. Nondiscrimination and Equal Opportunity.

ii. Civil Rights, Fair Housing, and Age and Disability Discrimination Acts Assurances: During the performance of the AHA, Developer will assure that no otherwise qualified person will be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, actual or perceived sexual orientation, gender identity, marital status, age, handicap, religion, religious preference or source of income (including but not limited to Section 8 Rental Assistance, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI) or earnings from seasonal employment), under any program or activity funded by this Agreement, as required by state law, the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq., Executive Order 11063 as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1, the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146, section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8, Title VI of the Civil Rights Act of 1964, the Fair Housing Act (42 U.S.C. 3601-20) and all implementing regulations, and the Age Discrimination Act of 1975, and all implementing regulations.

iii. Training, Employment, and Contracting Opportunities Assurance of Compliance: The Project Activities to be performed under the Agreement are on a project assisted under a program providing direct federal financial assistance from HUD which is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”), and the regulations issued by HUD to implement Section 3 (24 CFR Part 135) (the “Section 3 Regulations”). Pursuant to 24 CFR 135.3, the requirements of the Section 3 Regulations apply to the recipient of such financial assistance only where the amount of federal assistance exceeds \$200,000, and apply to a contractor or subcontractor of such recipient only where the amount of assistance exceeds \$200,000 and the amount of the contract or subcontract exceeds \$100,000. Developer will provide, to the greatest extent feasible, training, employment and contracting opportunities generated by the financial assistance to low- and very-low income persons and business concerns owned by low- or very-low income persons, or which employ low- or very-low income persons.

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iv. MBE/WBE Affirmative Action Outreach Program: Developer hereby agrees to comply with the Authority's minority and women business outreach program in accordance with Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

v. Disclosure Requirements. The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR Part 87; and the requirements for funding competitions established by the Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 *et seq.*).

vi. Debarred, Suspended or Ineligible Contractors. The prohibitions at 24 CFR Part 24 on the use of debarred, suspended or ineligible contractors.

vii. Drug-free Workplace. The Drug-Free Workplace Act of 1988 (41 U.S.C. 701 *et seq.*) and HUD's implementing regulations at 24 CFR Part 24.

b. Affirmative Marketing. 24 CFR 92.351. Developer will comply with the Authority's Affirmative Marketing requirements.

c. Displacement, Relocation and Acquisition. 24 CFR 92.353. Developer will carry out relocation activities in conformance with the relocation plan approved by the Authority and will certify that it has complied with the federal relocation, displacement and acquisition rules governing the HOME Program, which are contained in the Uniform Relocation Act, 49 CFR Part 24, and applicable program regulations. 24 CFR Section 92.353 requires that tenants who are displaced from housing units demolished or converted as a result of HOME-funded activities be provided with relocation assistance.

d. Labor. 24 CFR 92.354. Does not apply to this Project.

e. Lead-based Paint. 24 CFR 92.355. The Property will comply with the lead-based paint standards in 92.355, as provided in Section 5.b, above.

f. Conflict of Interest. 24 CFR 92.356.

i. Interest of Employees, Officers and Officials. No employee, agent, consultant, officer or elected official or appointed official of the Authority, or employee, agent, consultant or officer of Developer, and no other public official of the Authority who exercises any functions or responsibilities with respect to the activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to

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these activities, during their tenure and for one year thereafter, may obtain a financial interest or benefit from a HOME assisted activity or have an interest in any contract or subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties. Developer will incorporate, or cause to be incorporated, in all such contractors or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section. Fulfillment of “sweat equity” obligations as defined in Section 8201 of the HOME regulations will not be considered a violation of this prohibition.

ii. Prohibition Against Occupying HOME-Assisted Units. No officer, employee, agent, official or consultant of Developer may occupy a HOME-assisted Unit.

iii. Consultant Activities. 24 CFR 92.358. No person providing consultant services in an employer-employee type relationship will receive more than a reasonable rate of compensation for personal services paid for with HOME funds. In no event, however, will such compensation exceed the limits in effect under the provisions of any applicable statute (e.g., annual HUD appropriations acts which have set the limit at the equivalent of the daily rate paid for Level IV of the Executive Schedule). Such services will be evidenced by written agreements between the parties which detail the responsibilities, standards and compensation. Consultant services provided under an independent contractor relationship are not subject to the compensation limitation of Level IV of the Executive Schedule.

12. Lobbying Prohibition. 24 CFR 91.225.

Developer hereby certifies to the Authority, under penalty of perjury, under the terms of applicable federal law, that at all applicable times before, during and after the term of this Agreement:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement; and

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Developer will complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions; and

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c. Developer will require that the above stated language in paragraphs a. and b. be included in the award documents for all subawards at all tiers, including subcontracts, subgrants, loans, contracts, and cooperative agreements concerning the subject matter of this Agreement; and

d. Further, Developer and all subawards at all tiers, including subcontracts, subgrants, loans, contracts, and cooperative agreements concerning the subject matter of this Agreement, at all times, will certify compliance with the provisions of 31 U.S.C. §1352 and any and all terms and conditions of the Byrd Anti-Lobbying Amendment, as amended from time to time.

13. Execution in Counterparts.

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Authority and the Developer have executed this Agreement.

**THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE**

By: _____
Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____
Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

“DEVELOPER”

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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

LEGAL DESCRIPTION OF PROPERTY

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

Exhibit B

Affordability Requirements (24 CFR 92.252; 92.504(c)(3)(iii))

Developer will submit its rent schedule and utility allowances thirty (30) days prior to initial rental of the HOME-assisted Units and on an annual basis thereafter. The Authority will review and approve or disapprove the proposed rent schedule and utility allowances for compliance with the maximum rent limitations contained in 24 CFR 92.252.

The Authority will provide updated HUD income and rent limits to Developer as they become available. As of the date of this Agreement, the applicable income and rent limits are as follows:

2021 HOME Program Income Limits

Household Size	Very Low Income	Low Income
1	\$41,400	\$66,250
2	\$47,300	\$75,700
3	\$53,200	\$85,150
4	\$59,100	\$94,600

Los Angeles County 2021 HOME Program Rent Limits

	Efficiency/Studios	One bedrooms
Very Low Income	\$1,035	\$1,108
Low Income	\$1,325	\$1,421

For comparison purposes:

Fair Market Rent	\$1,369	\$1,605
65% Rent Limit	\$1,325	\$1,421
50% Rent Limit	\$1,035	\$1,108

Developer will be responsible for ensuring that the current operative HOME income and rent limits in effect at the time of the tenant's rental application for HOME-assisted Units will be used to determine initial tenant eligibility and conformance with HOME affordability requirements and

that each tenant recertification is conducted using current HOME income and rent limits to assure compliance with HOME Regulations.

Income determination and rental rate adjustments will occur upon annual lease renewal. Any increase in rents for HOME-assisted Units is subject to the provisions of existing leases, including the provision that rents may not be adjusted until leases are renewed. Developer must provide tenants with not less than thirty (30) days prior written notice before implementing any increase in rents.

DRAFT

PROMISSORY NOTE
TO THE HOUSING AUTHORITY
OF THE CITY OF GLENDALE
(LMIHAF)

0.75% Interest
\$543,000

Glendale, California
_____, 2022

FOR VALUE RECEIVED, HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF GLENDALE (“**Authority**”), a public body, corporate and politic, or order, a principal amount of FIVE HUNDRED FORTY-THREE THOUSAND DOLLARS (\$543,000), being the principal amount of the Authority’s loan of LMIHAF construction to permanent funds (the “**LMIHAF Loan**”). This Note is given pursuant to that certain Affordable Housing Agreement dated as of May 24, 2022, between Borrower and the Authority (the “**Affordable Housing Agreement**”) and evidences the LMIHAF Loan to Borrower, which provides part of the financing for the acquisition and development of that certain real property located at 912 and 920 East Broadway and 117 S. Belmont Street in the City of Glendale, legally described in the Deed of Trust securing this Note (the “**Property**”). The obligation of Borrower to Authority hereunder is subject to the terms of the Affordable Housing Agreement, this Note and the following instruments, each dated on or about the date hereof, and, where applicable, executed and delivered by Borrower for the purpose of securing this Note: an Agreement Containing Covenants (Including Rental Restrictions) (“**Agreement Containing Covenants**”); a Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (“**Authority Deed of Trust**”); an Assignment of Rents and Leases (“**Assignment of Rents**”); an Assignment of Agreements (“**Assignment of Agreements**”); and a UCC-1 Financing Statement. Said documents are public records on file in the offices of Authority, and the provisions of said documents are incorporated herein by this reference. The Borrower will pay interest at the rate, in the amount and at the time hereinafter provided.

1. Capitalized terms not otherwise defined herein will have the meaning ascribed to such terms in the Affordable Housing Agreement. In addition, the following terms have the following meanings:

“**Acquisition and Development Costs**” means the total cost of acquiring the Property and developing, rehabilitating and constructing the Improvements thereon, in accordance with the Affordable Housing Agreement.

“**Affiliate**” means any Person directly or indirectly controlling, controlled by or under common control with another Person. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It will be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with

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respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. For purposes of this definition, each general partner will be considered an “Affiliate” of Borrower.

“**Annual Financial Statement**” means the annual audited financial statement of Revenue and Operating Expenses and balance sheet for the Improvements, prepared at the Borrower’s expense, by an independent certified public accountant reasonably acceptable to the Authority, which will form the basis for determining the Residual Receipts.

“**Authority Deed of Trust**” means the Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) executed by Borrower in favor of Authority and dated on or about the date hereof, which secures this Note and the LMIHAF Loan evidenced hereby.

“**Authority’s Share of Residual Receipts**” will have the meaning set forth in Section 8, below.

“**Construction Financing Event**” means the point in time when all conditions precedent to the release of the Construction Loan funds and the Authority Loans funds have been satisfied, in accordance with the Affordable Housing Agreement.

“**Construction Loan**” means the Construction Period loan to be made to Borrower by Wells Fargo Bank, National Association (together with its successors and assigns, “**Construction Lender**”) at the time of the Construction Financing Event, secured by the Construction Loan Deed of Trust.

“**Construction Loan Deed of Trust**” means the deed of trust securing the Construction Loan that is first in priority.

“**Construction Period**” means the period of time commencing upon the Construction Financing Event and ending upon the repayment of the Construction Loan and the funding of the Permanent Loan.

“**Conversion**” means the point in time when the Permanent Loan has been funded, the additional Limited Partner Capital Contribution has been funded (less that portion, not to exceed 10%, of the Limited Partner Capital Contribution that will be funded upon receipt of Form(s) 8609), and the Construction Loan has been repaid in full.

“**Deferred Developer Fee**” means that portion of the Developer Fee which was not paid prior to the date of Conversion or from the proceeds of the Investor Limited Partner’s capital contribution payable upon receipt of Forms 8609s with respect to the Project, and which will be paid from the Revenue remaining after payment of Operating Expenses, prior to any payment of Residual Receipts to the Authority. The term “Deferred Developer Fee” will include any loan or capital contribution made by a partner of Borrower to pay such deferred fee.

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“Developer Equity” means funds provided by the Borrower for payment of Acquisition and Development Costs and will not include the Senior Loan, the LMIHAF Loan, the Measure S Loan, the HOME Loan or any other borrowed funds, and will include the Deferred Developer Fee, the Investor Limited Partner’s capital contribution, as well as any other funds of the Borrower.

“Developer Fee” means the fee in the amount set forth in the Project Budget.

“Environmental Indemnity” means the indemnity in the form attached to the Affordable Housing Agreement as Attachment No. 18, which is incorporated herein by this reference.

“General Partner” means Harrower Village GP, LLC a California limited liability company, and its authorized successors and assigns.

“Historic Rehabilitation Tax Credits” means tax credits authorized by the Federal Historic Preservation Tax Incentives Program and governed by Section 47 of the Internal Revenue Code.

“HOME Loan” means the loan from the Authority to Borrower pursuant to the Affordable Housing Agreement as amended from time to time, in the amount of \$1,800,000, which is evidenced by the HOME Loan Note and secured by the lien of the Authority Deed of Trust that is second in priority to the lien of the Senior Loan Deed of Trust.

“HOME Note” means the Promissory Note dated as of the date hereof, evidencing the HOME Loan.

“Improvements” means the 40-unit residential development and ancillary facilities to be constructed on the Property, all as described in the Affordable Housing Agreement.

“Investor Limited Partner” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, and its successors and assigns.

“LMIHAF Loan” means the loan made by the Authority to Borrower in the maximum amount of \$543,000, which is evidenced by this Note and secured by the Authority Deed of Trust.

“LMIHAF Loan Documents” means this Note, the Authority Deed of Trust, the Agreement Containing Covenants, the Assignment of Rents, the Assignment of Agreements, the Environmental Indemnity, and the UCC-1 Financing Statement, each dated on or about the date hereof.

“LMIHAF Note” means this Note dated as of the date hereof, evidencing the LMIHAF Loan.

“Low Income Housing Tax Credits” means tax credits authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

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“**Measure S Loan**” means the loan made by the Authority to Borrower in the maximum amount of \$8,357,000, which is evidenced by the Measure S Note and secured by the Authority Deed of Trust.

“**Measure S Note**” means the Promissory Note dated as of the date hereof, evidencing the Measure S Loan.

“**Net Proceeds**” means the proceeds of a sale, transfer or refinancing, less the customary and reasonable costs of the transaction.

“**Operating Expenses**” means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property that are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles, expressly including, without limitation, payment of the following:

- a. Principal and interest and all periodic fees and costs due and payable on the Senior Loan;
- b. Property and other taxes and assessments imposed on the Project;
- c. A general partner partnership management fee to the General Partner of Borrower not to exceed \$15,000 per year, to be increased at an annual rate of three percent (3%), which will accrue to the extent not paid;
- d. General administrative expenses including but not limited to advertising and marketing, security services and systems and similar customary administrative expenses;
- e. Maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and similar customary services;
- f. Cash deposited into a replacement reserve fund in the amount of \$300 per unit per year to be increased at an annual rate of zero percent (0%);
- g. Cash deposited into an operating reserve fund in such reasonable amounts as are required by Project lenders, the California Tax Credit Allocation Committee, and the Investor Limited Partner from time to time, and approved by the Authority;
- h. Utility services not paid for directly or reimbursed by tenants, including but not limited to water, sewer, trash collection, gas and electricity;
- i. License or certificate of occupancy fees required for operation of the Project;
- j. Premiums for property damage and liability insurance;
- k. Cable television, satellite and similar services;
- l. Recreational amenities, supplies, programs, and services;

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- m. Reasonable property management fee payable to a third party property manager acceptable to the Authority in an annual amount not to exceed 8.0% of Income (gross revenues from all leases and rents of all tenants occupying the Project; storage rental and payments or rentals received from concessionaires, licensees or lessees for the use or occupancy of the Project) pursuant to a management contract approved by the Authority;
- n. A reasonable resident services coordinator fee payable to a coordinator and costs related to the operation of the resident services program, reasonably acceptable to the Authority;
- o. Purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves);
- p. Fees and expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party; and
- q. An Asset Management Fee to the Investor Limited Partner in an amount not to exceed \$5,000 per year, to be increased at an annual rate of three percent (3.0%);
- r. Payments required under the First Amended and Restated Agreement of Limited Partnership to the Investor Limited Partner for any credit adjusters and any tax liability of the Investor Limited Partner; and
- s. A Project monitoring fee to the Authority in an amount equal to \$3,900 per year.

Operating Expenses will not include the following: depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, or the repayment under Borrower's partnership agreement of operating expense loans or development deficit loans. Operating Expenses will be subject to the reasonable approval of the Authority.

"Permanent Loan" means the initial permanent loan to be made to Borrower by Wells Fargo Bank, N.A. (together with its successors and assigns, **"Permanent Lender"**) at Conversion, secured by the Permanent Loan Deed of Trust.

"Permanent Loan Deed of Trust" means the leasehold deed of trust securing the Permanent Loan that is first in priority.

"Permanent Period" means the period of time commencing upon the repayment of the Construction Loan and the funding of the Permanent Loan and payment of the Limited Partner Capital Contribution.

"Permitted Transfer" means any of the following, provided (except for subsection f. below) Borrower, a General Partner of Borrower, or an Affiliate of such General Partner, retains day-to-day control over management and operations of the Property and the Improvements and

further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws:

- a. An assignment of the Affordable Housing Agreement and Borrower's interests in the Property to an Affiliate or a conveyance back from the Affiliate to Borrower;
- b. A conveyance of a security interest in the Property or any portion thereof or interest therein, in connection with a Senior Loan;
- c. The inclusion of equity participation in the Project by addition of limited partners to Borrower's partnership or similar mechanism, and transfers of limited partnership interests in Borrower's partnership;
- d. The lease for occupancy of all or any part of the Improvements on the Property in accordance with the Affordable Housing Agreement;
- e. The granting of easements or permits to facilitate the development of the Property in accordance with the Affordable Housing Agreement;
- f. The withdrawal, removal and/or replacement of a general partner of Borrower's partnership pursuant to the terms of Borrower's partnership agreement, or a conveyance of Borrower's interest in the Property and the Improvements and/or a transfer of limited partnership interests to a general partner or an affiliate of the Investor Limited Partner pursuant to the option provided to that partner in Borrower's partnership agreement, will not constitute a default under this Agreement or any of the LMIHAF Loan Documents, nor will such actions accelerate the maturity of the LMIHAF Loan, provided that any required substitute general partner is reasonably acceptable to the Authority, as evidenced by the Authority's written consent, and is selected with reasonable promptness, provided that the consent of the Authority shall not be required for a replacement general partner that is an affiliate of Enterprise Community Asset Management, Inc.; and
- g. A transfer approved in writing by Authority's Executive Director or designee, at his or her sole discretion.

A transfer described in clauses a., b., or c. will be subject to the reasonable approval of the Authority Executive Director or designee; provided that, the Authority approves the transfer of limited partner interests in Borrower's partnership, so long as such transfer is not a result of a syndication of the Low Income Housing Tax Credits or the Historic Rehabilitation Tax Credits and does not otherwise result in increased equity participation in Borrower, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

"Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

"Property" means the real property described as the "Property" in and legally described as set forth in Exhibit "A" of the Authority Deed of Trust.

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“Residual Receipts” means the Revenue minus the Operating Expenses, calculated on a 12-month basis, minus the theretofore unpaid portion of the Deferred Developers Fee. All calculations of Residual Receipts will be subject to verification and reasonable approval by the Authority.

“Revenue” means the gross rental income from the Improvements, and any other income to the Borrower derived from the ownership, operation and management of the Property, including but not limited to the following: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project; and condemnation awards for a taking of part or all of the Project for a temporary period. “Revenue” will also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Project, except that the value of services provided by on-site manager(s) will not be treated as “Revenue” if no more than one dwelling unit is leased to or otherwise used by on-site manager(s). “Revenue” will not include tenants’ security deposits, proceeds from the Senior Loan, the Authority Loans, Developer Equity, including capital contributions or similar advances, or interest that is earned on and allocated to reserve accounts.

“Senior Loan” means the Construction Period loan made by Construction Lender (in its capacity as Servicer of the Construction Period loan) to Borrower in the approximate amount of \$15,791,380 and the Permanent Loan to be made by Permanent Lender to Borrower to repay all or part of the Construction Loan in the approximate amount of \$574,000, which will be secured by a deed of trust that is senior and superior to the Authority Deed of Trust, or any other loan secured by a deed of trust or other instrument to which the Authority agrees, in its sole discretion, to subordinate this Note and the Authority Deed of Trust.

“Term” of this Note means a term that expires on the fifty-fifth (55th) anniversary of the date of Conversion, but no later than December 31, 2082.

“Transfer” will have the meaning set forth in Section 11.e of this Note.

2. This Note evidences the obligation of the Borrower to the Housing Authority for the repayment of the LMIHAF Loan. None of the funds provided pursuant to the LMIHAF Loan were funded directly or indirectly with any obligation the interest on which is exempt from tax under Section 103 of the Internal Revenue Code of 1986, as amended, or pursuant to any United States government federal source.

3. This Note is payable at the principal office of Authority, 141 North Glendale Avenue, Glendale, California 91206, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

4. This Note is secured by the Authority Deed of Trust.

5. This Note will bear 0.75% simple interest.

6. Except as described in Section 7 hereof, no payments will be due and payable under this Note except to the extent of (a) the Authority's share of Residual Receipts as described in Section 8, below, and (b) any refinancing, Cost Savings, or Additional Proceeds, subject to the limitations set forth in Section 10, below.

7. The entire unpaid principal balance of this Note and any accrued but unpaid interest will be due and payable upon the expiration of the Term hereof, or immediately upon the occurrence of either of the following:

a. if the Property or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the Authority, except as otherwise permitted in this Note, including a Permitted Transfer; or

b. if there is a default by the Borrower under the terms of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or any deed of trust or other instrument securing the Senior Loan or other obligations secured by a deed of trust on the Property, which is not cured within the respective time period provided herein and therein.

8. Prior to the expiration of the Term hereof, Borrower will be obligated to repay the LMIHAF Loan exclusively from the Authority's share of Residual Receipts, as follows:

a. Annually, not later than the thirtieth (30th) day of April, beginning with the year following the year in which Conversion occurs, Borrower will submit to Authority an audited Annual Financial Statement for the preceding calendar year, prepared by a certified public accountant reasonably acceptable to the Authority, determining the amount of Residual Receipts, if any, generated in that year, together with payment of the Authority's Share of such Residual Receipts. The first such Annual Financial Statement will be for the partial year beginning on the date of Conversion and ending on December 31 of that year. The Authority will review and approve such Annual Financial Statement, or request reasonable revisions, within 30 days after receipt. If as the result of the Authority's review of the statement, there is an increase in the amount of any payment due and payable to Authority (as the result, for example, of a determination that the actual amount of Residual Receipts to which the Authority is entitled exceeds the amount of Authority's share of Residual Receipts shown in the Annual Financial Statement submitted by Borrower), Borrower will promptly pay to the Authority the difference, with interest, from the date on which such payment was due, at the rate of one percent (1%) over the Prime Rate announced by Bank of America, but in any event within ten (10) days of notice of such increase.

b. The Authority's Share of Residual Receipts to be applied to this Note, the Measure S Note, and the HOME Note will be 75%. The Authority's Share of Residual Receipts will be applied to the HOME Note, the LMIHAF Note, and the Measure S Note as follows: 16.82% (i.e., \$1,800,000/\$10,700,000) will be applied to this Note, 5.07% (i.e., \$543,000/\$10,700,000)

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will be applied to the LMIHAF Note, and 78.10% (i.e., \$8,357,000/\$10,700,000) will be applied to the Measure S Note.

9. All payments applied to this Note will be applied first to penalties and late fees, then to interest, then to reduce the principal amount owed.

10. The LMIHAF Loan evidenced by this Note is based on the assumption that, upon completion and stabilization, all Acquisition and Development Costs will be \$29,468,731 and the maximum amount of the Permanent Loan to be secured by a first priority deed of trust will be \$574,000. To induce Authority to make the LMIHAF Loan evidenced hereby, Borrower covenants and agrees as follows:

a. If Borrower obtains a Permanent Loan in a principal amount in excess of \$574,000, Borrower will apply an amount equal to fifty percent (50%) of the proceeds thereof in excess of \$574,000 (the “**Additional Proceeds**”) to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan, except to the extent such Additional Proceeds are needed to either pay for cost overruns for which no other funds are available (other than from Borrower’s general partners) or to compensate for reductions in other permanent financing sources. If at any time Borrower refinances the Permanent Loan, Borrower will apply the Net Proceeds of any such refinancing first to pay previously incurred Operating Expenses (as defined above) still owing, then fifty percent (50%) of the balance will be paid to the Authority to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

b. If there are Cost Savings with respect to the Project, the following will occur: (1) to the extent of fifty percent (50%) of the Cost Savings, any undisbursed amount of the Authority Loans plus any undisbursed capital contributions made by the Investor Limited Partner payable at Conversion and upon receipt of Forms 8609 in excess of the amounts needed to pay developer fee from such capital contributions will be released to the Authority as a payment of accrued interest on and then reduction of the principal amount of the Authority Loans; and (2) each Lender’s unfunded commitment will terminate. For purposes hereof, “**Cost Savings**”, shall mean the difference between the total sources of funds and the total cost of development as shown in the Borrower’s cost certification contained in Borrower’s application to the California Tax Credit Allocation Committee for a Form 8609 for the Project (“**Tax Credit Report**”); provided, however, the Cost Savings will be adjusted to take into account (i) the loss of any equity investment due to an adjustment in the allowable tax credits; provided that the tax credit factor applied to the required equity contribution will be as set forth in Borrower’s limited partnership agreement; and (ii) any reduction in the first mortgage loan required by the Senior Loan Documents. The amount payable to Authority under this paragraph will be paid within sixty (60) days following submittal of the Tax Credit Report to the California Tax Credit Allocation Committee.

11. Prohibitions on Transfer.

a. Prior to the repayment in full of the LMIHAF Loan and expiration of the Term of the Agreement Containing Covenants, the Borrower must not, except for Permitted Transfers or as permitted by the Affordable Housing Agreement, assign or attempt to assign the

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Affordable Housing Agreement or this Note or any right therein or herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property (referred to hereinafter as a “**Transfer**”), without prior written approval of the Authority, except as expressly permitted by the Affordable Housing Agreement or this Note. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Authority shall not unreasonably withhold or delay its consent. If consent should be given, any such transfer shall be subject to this Section 11, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein.

b. Proposed transferees (other than an Affiliate of Borrower) must have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Authority, to fulfill Borrower’s obligations undertaken in the Affordable Housing Agreement, the Agreement Containing Covenants, and this Note. A proposed transferee (including an Affiliate of Borrower), by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority must expressly assume all of Borrower’s obligations under the Affordable Housing Agreement, the Agreement Containing Covenants, and this Note and agree to be subject to all conditions and restrictions applicable to Borrower. There must be submitted to the Authority for review all instruments and other legal documents proposed to affect any such transfer; and if approved by the Authority its approval will be indicated to Borrower in writing. If consent should be given, such transfer will be subject to this Section 11.

c. In the absence of specific written agreement by the Authority, no unauthorized Transfer, or approval thereof by the Authority, will be deemed to relieve the Borrower or any other party from any obligations under the Affordable Housing Agreement, the Agreement Containing Covenants, or this Note.

d. In the event of a Transfer prior to the time the LMIHAF Loan is paid in full without the prior written consent of the Authority, the remaining principal balance of the LMIHAF Loan and all accrued but unpaid interest will be immediately due and payable.

e. As used herein, “Transfer” means

i. the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

ii. “Transfer” also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of an interest in Borrower, or a conversion of Borrower to an entity form other than that of Borrower at the time of execution of the Affordable Housing Agreement, except that, a cumulative change in ownership interest of a general partner of Borrower of forty-nine percent (49%) or less or a “Permitted Transfer” will not be deemed a “Transfer” for purposes of this Note.

12. The Authority will not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. The Authority's disapproval will be in writing and contain the Authority's reasons for disapproval.

13. The LMIHAF Loan is funded from the Authority's LMIHAF. Accordingly, Borrower agrees for itself, its successors and assigns that the use of the property will be subject to the restrictions on rent and occupancy set forth in the Agreement Containing Covenants.

14. Subject to the provisions and limitations of this Section 14, the obligation to repay the LMIHAF Loan is a nonrecourse obligation of the Borrower. Borrower and each general partner or limited partner of Borrower will not have any personal liability for repayment of the loan, except as provided in this Section 14. The sole recourse of Authority will be the exercise of its rights against the Property and other security for the LMIHAF Loan. Provided, however, that the foregoing will not (a) constitute a waiver of an obligation evidenced by this Note or the Authority Deed of Trust; (b) limit the right of the Authority to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Authority Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment will be asked for or taken against Borrower; (c) release or impair this Note or the Authority Deed of Trust; (d) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or other instrument securing the Note or as prescribed by law or in equity in case of default; (e) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; (f) relieve Borrower of its obligations under an indemnity delivered by Borrower to Authority; or (g) affect in any way the validity of a guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Authority Deed of Trust. The foregoing provisions of this paragraph are limited by the provision that in the event of the occurrence of a default, Borrower and its successors and assigns will have personal liability hereunder for any deficiency judgment, but only if and to the extent Borrower, its principals, shareholders, partners or its successors and assigns received rentals, other revenues, or other payments or proceeds in respect of the mortgaged Property after the occurrence of such default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the mortgaged Property, ordinary and reasonable capital improvements to the mortgaged Property, debt service, real estate taxes in respect of the mortgaged Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Borrower in connection with the operation of the mortgaged Property, which are then due and payable. Notwithstanding the first sentence of this paragraph, Authority may recover directly from Borrower or from any other party (other than Borrower's Investor Limited Partner):

a. damages, costs and expenses incurred by the Authority as a result of fraud or criminal act or acts of Borrower or a partner, shareholder, officer, director or employee of Borrower, or of a member or general or limited partner of Borrower, or of a general or limited partner of such member or general or limited partner;

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b. damages, costs and expenses incurred by Authority as a result of misappropriation of funds provided for the payment of Acquisition and Development Costs, as described in the Affordable Housing Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

c. all amounts owing by Borrower pursuant to the indemnification regarding Hazardous Substances under the Environmental Indemnity, and

d. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority will pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in such enforcement or collection action).

15. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of an extension or extensions of the time of payment or of a due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either thereof.

16. Upon the failure of Borrower to perform or observe a term or provision of this Note, or upon the occurrence of an event of default under the terms of the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, and after expiration of the applicable cure period, the holder may exercise its rights or remedies hereunder or thereunder.

17. Defaults and Remedies.

a. Subject to the extensions of time set forth in Section 18, and subject to the further provisions of this Section 17, failure or delay by Borrower to perform a material term or provision of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, constitutes a default under this Note.

b. The Authority will give written notice of default to Borrower and the Investor Limited Partner, specifying the default complained of by the Authority. Delay in giving such notice will not constitute a waiver of any default nor will it change the time of default.

c. Failures or delays by the Authority in asserting its rights and remedies as to a default will not operate as a waiver of default or of such rights or remedies. Delays by the Authority in asserting its rights and remedies will not deprive the Authority of its right to institute and maintain actions or proceedings which it may deem necessary to protect, assert, or enforce such rights or remedies.

d. If a monetary event of default occurs under the terms of this Note or the Authority Deed of Trust, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder the Authority will give Borrower, each general partner, and the Investor Limited Partner, concurrent written notice of such default. Borrower will have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by the Authority under this Note and the Authority Deed of Trust. In no event will the Authority be precluded from exercising remedies if its security becomes or is about to become materially impaired by a failure to cure a default or the default is not cured within ten (10) calendar days after the notice of default is received or deemed received.

e. If a non-monetary event of default occurs under the terms of the Affordable Housing Agreement, this Note, the Authority Deed of Trust, the Agreement Containing Covenants, or a document implementing the Affordable Housing Agreement or a deed of trust securing a Senior Loan or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder, the Authority will give Borrower, each General Partner, and the Investor Limited Partner, concurrent notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, Borrower will have such period to effect a cure prior to exercise of remedies by the Authority under the Affordable Housing Agreement, the Agreement Containing Covenants, this Note and/or the Authority Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Borrower will have such additional time as is reasonably necessary to cure the default prior to the Authority's exercise of remedies. If Borrower fails to take corrective action or to cure the default within the time set forth above in this Subsection 17.e, the Authority will give Borrower, the Senior Lender, the Investor Limited Partner written notice thereof, whereupon the Investor Limited Partner, subject to the terms of Borrower's partnership agreement, may take such corrective action, including removing and replacing a general partner. The Investor Limited Partner will have 90 days, or such longer period as is approved by the Authority Executive Director or designee, to remove and replace such general partner of Borrower. The Authority agrees to accept cures tendered by a Senior Lender or the Investor Limited Partner within the time period provided herein. Additionally, in the event the Senior Lender, or Investor Limited Partner is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Borrower or a general partner, the Authority agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which such party is so precluded from acting, not to exceed 90 days or such additional time as is reasonably approved by the Authority Executive Director or designee, provided such Senior Lender or Investor Limited Partner is otherwise in compliance with the foregoing provisions. In no event will Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by a failure to cure a default or the default is not cured within one hundred eighty (180) days after the notice of default is received or deemed received or such additional time as is reasonably approved by the Authority Executive Director or designee.

f. A notice of default that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, will be deemed delivered upon its transmission; a notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt by Borrower; and a notice of default that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof. Notices will be sent to the following addresses:

To Authority:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 N. Glendale Avenue, Room 202,
Glendale, California 91206
Attention: Executive Director
Facsimile: 818-548-3724

With a copy to:

KANE, BALLMER & BERKMAN
515 S. Figueroa St., Suite 780
Los Angeles, California 90071-3301
Attention: Susan Apy

To Borrower:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
Facsimile: 213-225-2709

With a copy to:

Enterprise Housing Credit Investments, LLC
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Reagan Maechling

18. Notwithstanding specific provisions of this Note, Borrower will not be deemed to be in default for failure to perform a non-monetary obligation hereunder where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of

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transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays of any contractor, sub-contractor or supplier, acts of the Authority or any other public or governmental Authority or entity, or any causes beyond the control or without the fault of the Borrower. An extension of time for any such cause (a “**Force Majeure Delay**”) will be for the period of the enforced delay and will commence to run from the time of the commencement of the cause, if notice by Borrower is sent to the Authority within fifteen (15) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Delay unless and until Borrower delivers to the Authority written notice describing the event, its cause, when and how Borrower obtained knowledge, the date and the event commenced, and the estimated delay resulting therefrom. Borrower will deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event. Times of performance under this Note may also be extended in writing by the Authority and Borrower, such revision approval may be denied by either party in its sole discretion.

19. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations must be completely performed and paid.

20. The Authority Deed of Trust securing this Note and all other LMIHAF Loan Documents, except the Agreement Containing Covenants, have been made subordinate and junior to the claims, liens or charges of the Construction Loan Deed of Trust and all other instruments securing the Construction Loan by that certain Subordination Agreement by and among Authority, Borrower and Construction Lender which is being recorded concurrently with the execution and delivery of this Note and the recordation of the Authority Deed of Trust and will also be subordinate and junior to the claims, liens or charges of the Permanent Loan Deed of Trust and all other instruments securing the Permanent Loan.

21. The Authority agrees that the lien of the Authority Deed of Trust will be subordinate to the extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “**Extended Use Agreement**”) recorded against the Project; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under the Authority Deed of Trust or upon a transfer of the Project by instrument in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, will also apply: for a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code. Borrower acknowledges and agrees that a default, event of default, or breach (however such terms may be defined) under the Extended Use Agreement will be an event of default under this Note and the Authority Deed of Trust and that all costs, damages or other amounts, including reasonable attorneys’ fees incurred by the Authority as a result of an event of default by Borrower, and all amounts paid by Authority to cure

a default under the Extended Use Agreement will be an obligation of Borrower and become a part of the debt evidenced by this Note and secured by the Authority Deed of Trust.

22. With regard to an approval, consent, or other determination by the Authority required under this Note or the other LMIHAF Loan Documents, the Authority will act reasonably and in good faith.

23. Borrower will have the right to prepay the obligation evidenced by this Note, or any part thereof, without penalty. However, prepayment of the obligation evidenced by this Note prior to the expiration of the term of the Agreement Containing Covenants will not entitle Borrower to a reconveyance of the Authority Deed of Trust.

24. This Note may be executed by each signatory on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

25. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Note dated on or about the date hereof in the original principal amount of \$_____ **[DRAFTING NOTE: WE WILL NEED TO FILL IN AN AMOUNT BEFORE THE NOTE IS SIGNED IN THE AMOUNT IN THE APPROVED PROJECT BUDGET]** issued by Borrower, and payable to Wells Fargo Bank, National Association, or order, to the extent, in the manner provided, and subject to the terms and conditions in that certain Subordination Agreement dated on or about the date hereof between the Senior Lender and the Authority and consented to by the Borrower (the “**Subordination Agreement**”) for so long as such Subordination Agreement shall be in force and effect. The Authority Deed of Trust securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Authority Deed of Trust securing the Note, for so long as such Subordination Agreement shall be in force and effect and to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Authority Deed of Trust securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement, to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement for so long as such Subordination Agreement shall be in force and effect.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF Borrower has executed this Note as of the day and year first set forth above.

BORROWER

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

PROMISSORY NOTE
TO THE HOUSING AUTHORITY
OF THE CITY OF GLENDALE
(MEASURE S FUNDS)

0.75% Interest
\$8,357,000

Glendale, California
_____, 2022

FOR VALUE RECEIVED, HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF GLENDALE (“**Authority**”), a public body, corporate and politic, or order, a principal amount of EIGHT MILLION THREE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS (\$8,357,000), being the principal amount of the Authority’s loan of Measure S combined acquisition and construction to permanent funds (the “**Measure S Loan**”). This Note is given pursuant to that certain Affordable Housing Agreement dated as of May 24, 2022, between Borrower and the Authority (the “**Affordable Housing Agreement**”) and evidences the Measure S Loan to Borrower, which provides part of the financing for the acquisition and development of that certain real property located at 912 and 920 East Broadway and 117 S. Belmont Street in the City of Glendale, legally described in the Deed of Trust securing this Note (the “**Property**”). The obligation of Borrower to Authority hereunder is subject to the terms of the Affordable Housing Agreement, this Note and the following instruments, each dated on or about the date hereof, and, where applicable, executed and delivered by Borrower for the purpose of securing this Note: an Agreement Containing Covenants (Including Rental Restrictions) (“**Agreement Containing Covenants**”); a Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (“**Authority Deed of Trust**”); an Assignment of Rents and Leases (“**Assignment of Rents**”); an Assignment of Agreements (“**Assignment of Agreements**”); and a UCC-1 Financing Statement. Said documents are public records on file in the offices of Authority, and the provisions of said documents are incorporated herein by this reference. The Borrower will pay interest at the rate, in the amount and at the time hereinafter provided.

1. Capitalized terms not otherwise defined herein will have the meaning ascribed to such terms in the Affordable Housing Agreement. In addition, the following terms have the following meanings:

“**Acquisition and Development Costs**” means the total cost of acquiring the Property and developing, rehabilitating and constructing the Improvements thereon, in accordance with the Affordable Housing Agreement.

“**Affiliate**” means any Person directly or indirectly controlling, controlled by or under common control with another Person. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It will be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with

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respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. For purposes of this definition, each general partner will be considered an “Affiliate” of Borrower.

“**Annual Financial Statement**” means the annual audited financial statement of Revenue and Operating Expenses and balance sheet for the Improvements, prepared at the Borrower’s expense, by an independent certified public accountant reasonably acceptable to the Authority, which will form the basis for determining the Residual Receipts.

“**Authority Deed of Trust**” means the Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) executed by Borrower in favor of Authority and dated on or about the date hereof, which secures this Note and the Measure S Loan evidenced hereby.

“**Authority’s Share of Residual Receipts**” will have the meaning set forth in Section 8, below.

“**Construction Financing Event**” means the point in time when all conditions precedent to the release of the Construction Loan funds and the Authority Loans funds have been satisfied, in accordance with the Affordable Housing Agreement.

“**Construction Loan**” means the Construction Period loan to be made to Borrower by Wells Fargo Bank, National Association (together with its successors and assigns, “**Construction Lender**”) at the time of the Construction Financing Event, secured by the Construction Loan Deed of Trust.

“**Construction Loan Deed of Trust**” means the deed of trust securing the Construction Loan that is first in priority.

“**Construction Period**” means the period of time commencing upon the Construction Financing Event and ending upon the repayment of the Construction Loan and the funding of the Permanent Loan.

“**Conversion**” means the point in time when the Permanent Loan has been funded, the additional Limited Partner Capital Contribution has been funded (less that portion, not to exceed 10%, of the Limited Partner Capital Contribution that will be funded upon receipt of Form(s) 8609), and the Construction Loan has been repaid in full.

“**Deferred Developer Fee**” means that portion of the Developer Fee which was not paid prior to the date of Conversion or from the proceeds of the Investor Limited Partner’s capital contribution payable upon receipt of Forms 8609s with respect to the Project, and which will be paid from the Revenue remaining after payment of Operating Expenses, prior to any payment of Residual Receipts to the Authority. The term “Deferred Developer Fee” will include any loan or capital contribution made by a partner of Borrower to pay such deferred fee.

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“Developer Equity” means funds provided by the Borrower for payment of Acquisition and Development Costs and will not include the Senior Loan, the LMIHAF Loan, the Measure S Loan, the HOME Loan or any other borrowed funds, and will include the Deferred Developer Fee, the Investor Limited Partner’s capital contribution, as well as any other funds of the Borrower.

“Developer Fee” means the fee in the amount set forth in the Project Budget.

“Environmental Indemnity” means the indemnity in the form attached to the Affordable Housing Agreement as Attachment No. 18, which is incorporated herein by this reference.

“General Partner” means Harrower Village GP, LLC, a California limited liability company, and its authorized successors and assigns.

“Historic Rehabilitation Tax Credits” means tax credits authorized by the Federal Historic Preservation Tax Incentives Program and governed by Section 47 of the Internal Revenue Code.

“HOME Loan” means the loan from the Authority to Borrower pursuant to the Affordable Housing Agreement as amended from time to time, in the amount of \$1,800,000, which is evidenced by the HOME Loan Note and secured by the lien of the Authority Deed of Trust that is second in priority to the lien of the Senior Loan Deed of Trust.

“HOME Note” means the Promissory Note dated as of the date hereof, evidencing the HOME Loan.

“Improvements” means the 40-unit residential development and ancillary facilities to be constructed on the Property, all as described in the Affordable Housing Agreement.

“Investor Limited Partner” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, and its successors and assigns.

“LMIHAF Loan” means the loan made by the Authority to Borrower in the maximum amount of \$543,000, which is evidenced by the LMIHAF Note and secured by the Authority Deed of Trust.

“LMIHAF Note” means the Promissory Note dated as of the date hereof, evidencing the LMIHAF Loan.

“Low Income Housing Tax Credits” means tax credits authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

“**Measure S Loan**” means the loan made by the Authority to Borrower in the maximum amount of \$8,357,000, which is evidenced by this Note and secured by the Authority Deed of Trust.

“**Measure S Loan Documents**” means this Note, the Authority Deed of Trust, the Agreement Containing Covenants, the Assignment of Rents, the Assignment of Agreements, the Environmental Indemnity, and the UCC-1 Financing Statement, each dated on or about the date hereof.

“**Measure S Note**” means this Note dated as of the date hereof, evidencing the Measure S Loan.

“**Net Proceeds**” means the proceeds of a sale, transfer or refinancing, less the customary and reasonable costs of the transaction.

“**Operating Expenses**” means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property that are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles, expressly including, without limitation, payment of the following:

- a. Principal and interest and all periodic fees and costs due and payable on the Senior Loan;
- b. Property and other taxes and assessments imposed on the Project;
- c. A general partner partnership management fee to the General Partner of Borrower not to exceed \$15,000 per year, to be increased at an annual rate of three percent (3%), which will accrue to the extent not paid;
- d. General administrative expenses including but not limited to advertising and marketing, security services and systems and similar customary administrative expenses;
- e. Maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and similar customary services;
- f. Cash deposited into a replacement reserve fund in the amount of \$300 per unit per year to be increased at an annual rate of zero percent (0%);
- g. Cash deposited into an operating reserve fund in such reasonable amounts as are required by Project lenders, the California Tax Credit Allocation Committee, and the Investor Limited Partner from time to time, and approved by the Authority;
- h. Utility services not paid for directly or reimbursed by tenants, including but not limited to water, sewer, trash collection, gas and electricity;
- i. License or certificate of occupancy fees required for operation of the Project;

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- j. Premiums for property damage and liability insurance;
- k. Cable television, satellite and similar services;
- l. Recreational amenities, supplies, programs, and services;
- m. Reasonable property management fee payable to a third party property manager acceptable to the Authority in an annual amount not to exceed 8.0% of Income (gross revenues from all leases and rents of all tenants occupying the Project; storage rental and payments or rentals received from concessionaires, licensees or lessees for the use or occupancy of the Project) pursuant to a management contract approved by the Authority;
- n. A reasonable resident services coordinator fee payable to a coordinator and costs related to the operation of the resident services program, reasonably acceptable to the Authority;
- o. Purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves);
- p. Fees and expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party; and
- q. An Asset Management Fee to the Investor Limited Partner in an amount not to exceed \$5,000 per year, to be increased at an annual rate of three percent (3.0%);
- r. Payments required under the First Amended and Restated Agreement of Limited Partnership to the Investor Limited Partner for any credit adjusters and any tax liability of the Investor Limited Partner; and
- s. A Project monitoring fee to the Authority in an amount equal to \$6,000 per year.

Operating Expenses will not include the following: depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, or the repayment under Borrower's partnership agreement of operating expense loans or development deficit loans. Operating Expenses will be subject to the reasonable approval of the Authority.

"Permanent Loan" means the initial permanent loan to be made to Borrower by Wells Fargo Bank, N.A (together with its successors and assigns, **"Permanent Lender"**) at Conversion, secured by the Permanent Loan Deed of Trust.

"Permanent Loan Deed of Trust" means the leasehold deed of trust securing the Permanent Loan that is first in priority.

"Permanent Period" means the period of time commencing upon the repayment of the Construction Loan and the funding of the Permanent Loan and payment of the Limited Partner Capital Contribution.

“Permitted Transfer” means any of the following, provided (except for subsection f. below) Borrower, a General Partner of Borrower, or an Affiliate of such General Partner, retains day-to-day control over management and operations of the Property and the Improvements and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws:

- a. An assignment of the Affordable Housing Agreement and Borrower’s interests in the Property to an Affiliate or a conveyance back from the Affiliate to Borrower;
- b. A conveyance of a security interest in the Property or any portion thereof or interest therein, in connection with a Senior Loan;
- c. The inclusion of equity participation in the Project by addition of limited partners to Borrower’s partnership or similar mechanism, and transfers of limited partnership interests in Borrower’s partnership;
- d. The lease for occupancy of all or any part of the Improvements on the Property in accordance with the Affordable Housing Agreement;
- e. The granting of easements or permits to facilitate the development of the Property in accordance with the Affordable Housing Agreement;
- f. The withdrawal, removal and/or replacement of a general partner of Borrower’s partnership pursuant to the terms of Borrower’s partnership agreement, or a conveyance of Borrower’s interest in the Property and the Improvements and/or a transfer of limited partnership interests to a general partner or an affiliate of the Investor Limited Partner pursuant to the option provided to that partner in Borrower’s partnership agreement, will not constitute a default under this Agreement or any of the Measure S Loan Documents, nor will such actions accelerate the maturity of the Measure S Loan, provided that any required substitute general partner is reasonably acceptable to the Authority, as evidenced by the Authority’s written consent, and is selected with reasonable promptness, provided that the consent of the Authority shall not be required for a replacement general partner that is an affiliate of Enterprise Community Asset Management, Inc.; and
- g. A transfer approved in writing by Authority’s Executive Director or designee, at his or her sole discretion.

A transfer described in clauses a., b., or c. will be subject to the reasonable approval of the Authority Executive Director or designee; provided that, the Authority approves the transfer of limited partner interests in Borrower’s partnership, so long as such transfer is not a result of a syndication of the Low Income Housing Tax Credits or the Historic Rehabilitation Tax Credits and does not otherwise result in increased equity participation in Borrower, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

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“**Property**” means the real property described as the “Property” in and legally described as set forth in Exhibit “A” of the Authority Deed of Trust.

“**Residual Receipts**” means the Revenue minus the Operating Expenses, calculated on a 12-month basis, minus the theretofore unpaid portion of the Deferred Developers Fee. All calculations of Residual Receipts will be subject to verification and reasonable approval by the Authority.

“**Revenue**” means the gross rental income from the Improvements, and any other income to the Borrower derived from the ownership, operation and management of the Property, including but not limited to the following: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project; and condemnation awards for a taking of part or all of the Project for a temporary period. “Revenue” will also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Project, except that the value of services provided by on-site manager(s) will not be treated as “Revenue” if no more than one dwelling unit is leased to or otherwise used by on-site manager(s). “Revenue” will not include tenants’ security deposits, proceeds from the Senior Loan, the Authority Loans, Developer Equity, including capital contributions or similar advances, or interest that is earned on and allocated to reserve accounts.

“**Senior Loan**” means the Construction Period loan made by Construction Lender (in its capacity as Servicer of the Construction Period loan) to Borrower in the approximate amount of \$15,791,380 and the Permanent Loan to be made by Permanent Lender to Borrower to repay all or part of the Construction Loan in the approximate amount of \$574,000, which will be secured by a deed of trust that is senior and superior to the Authority Deed of Trust, or any other loan secured by a deed of trust or other instrument to which the Authority agrees, in its sole discretion, to subordinate this Note and the Authority Deed of Trust.

“**Term**” of this Note means a term that expires on the fifty-fifth (55th) anniversary of the date of Conversion, but no later than December 31, 2082.

“**Transfer**” will have the meaning set forth in Section 11.e of this Note.

2. This Note evidences the obligation of the Borrower to the Housing Authority for the repayment of the Measure S Loan. None of the funds provided pursuant to the Measure S Loan were funded directly or indirectly with any obligation the interest on which is exempt from tax under Section 103 of the Internal Revenue Code of 1986, as amended, or pursuant to any United States government federal source.

3. This Note is payable at the principal office of Authority, 141 North Glendale Avenue, Glendale, California 91206, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

4. This Note is secured by the Authority Deed of Trust.

5. This Note will bear 0.75% simple interest.

6. Except as described in Section 7 hereof, no payments will be due and payable under this Note except to the extent of (a) the Authority's share of Residual Receipts as described in Section 8, below, and (b) any refinancing, Cost Savings, or Additional Proceeds, subject to the limitations set forth in Section 10, below.

7. The entire unpaid principal balance of this Note and any accrued but unpaid interest will be due and payable upon the expiration of the Term hereof, or immediately upon the occurrence of either of the following:

a. if the Property or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the Authority, except as otherwise permitted in this Note, including a Permitted Transfer; or

b. if there is a default by the Borrower under the terms of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or any deed of trust or other instrument securing the Senior Loan or other obligations secured by a deed of trust on the Property, which is not cured within the respective time period provided herein and therein.

8. Prior to the expiration of the Term hereof, Borrower will be obligated to repay the Measure S Loan exclusively from the Authority's share of Residual Receipts, as follows:

a. Annually, not later than the thirtieth (30th) day of April, beginning with the year following the year in which Conversion occurs, Borrower will submit to Authority an audited Annual Financial Statement for the preceding calendar year, prepared by a certified public accountant reasonably acceptable to the Authority, determining the amount of Residual Receipts, if any, generated in that year, together with payment of the Authority's Share of such Residual Receipts. The first such Annual Financial Statement will be for the partial year beginning on the date of Conversion and ending on December 31 of that year. The Authority will review and approve such Annual Financial Statement, or request reasonable revisions, within 30 days after receipt. If as the result of the Authority's review of the statement, there is an increase in the amount of any payment due and payable to Authority (as the result, for example, of a determination that the actual amount of Residual Receipts to which the Authority is entitled exceeds the amount of Authority's share of Residual Receipts shown in the Annual Financial Statement submitted by Borrower), Borrower will promptly pay to the Authority the difference, with interest, from the date on which such payment was due, at the rate of one percent (1%) over the Prime Rate announced by Bank of America, but in any event within ten (10) days of notice of such increase.

b. The Authority's Share of Residual Receipts to be applied to this Note, the LMIHAF Note, and the HOME Note will be 75%. The Authority's Share of Residual Receipts will be applied to the HOME Note, the LMIHAF Note, and the Measure S Note as follows: 16.82% (i.e., \$1,800,000/\$10,700,000) will be applied to this Note, 5.07% (i.e., \$543,000/\$10,700,000) will be applied to the LMIHAF Note, and 78.10% (i.e., \$8,357,000/\$10,700,000) will be applied to the Measure S Note.

9. All payments applied to this Note will be applied first to penalties and late fees, then to interest, then to reduce the principal amount owed.

10. The Measure S Loan evidenced by this Note is based on the assumption that, upon completion and stabilization, all Acquisition and Development Costs will be \$29,468,731 and the maximum amount of the Permanent Loan to be secured by a first priority deed of trust will be \$574,000. To induce Authority to make the Measure S Loan evidenced hereby, Borrower covenants and agrees as follows:

a. If Borrower obtains a Permanent Loan in a principal amount in excess of \$574,000, Borrower will apply an amount equal to fifty percent (50%) of the proceeds thereof in excess of \$574,000 (the "**Additional Proceeds**") to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan, except to the extent such Additional Proceeds are needed to either pay for cost overruns for which no other funds are available (other than from Borrower's general partners) or to compensate for reductions in other permanent financing sources. If at any time Borrower refinances the Permanent Loan, Borrower will apply the Net Proceeds of any such refinancing first to pay previously incurred Operating Expenses (as defined above) still owing, then fifty percent (50%) of the balance will be paid to the Authority to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

b. If there are Cost Savings with respect to the Project, the following will occur: (1) to the extent of fifty percent (50%) of the Cost Savings, any undisbursed amount of the Authority Loans plus any undisbursed capital contributions made by the Investor Limited Partner payable at Conversion and upon receipt of Forms 8609 in excess of the amounts needed to pay developer fee from such capital contributions will be released to the Authority as a payment of accrued interest on and then reduction of the principal amount of the Authority Loans; and (2) each Lender's unfunded commitment will terminate. For purposes hereof, "**Cost Savings**", shall mean the difference between the total sources of funds and the total cost of development as shown in the Borrower's cost certification contained in Borrower's application to the California Tax Credit Allocation Committee for a Form 8609 for the Project ("Tax Credit Report"); provided, however, the Cost Savings will be adjusted to take into account (i) the loss of any equity investment due to an adjustment in the allowable tax credits; provided that the tax credit factor applied to the required equity contribution will be as set forth in Borrower's limited partnership agreement; and (ii) any reduction in the first mortgage loan required by the Senior Loan Documents. The amount payable to Authority under this paragraph will be paid within sixty (60) days following submittal of the Tax Credit Report to the California Tax Credit Allocation Committee.

11. Prohibitions on Transfer.

a. Prior to the repayment in full of the Measure S Loan and expiration of the Term of the Agreement Containing Covenants, the Borrower must not, except for Permitted Transfers or as permitted by the Affordable Housing Agreement, assign or attempt to assign the Affordable Housing Agreement or this Note or any right therein or herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property (referred to hereinafter as a “**Transfer**”), without prior written approval of the Authority, except as expressly permitted by the Affordable Housing Agreement or this Note. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Authority shall not unreasonably withhold or delay its consent. If consent should be given, any such transfer shall be subject to this Section 11, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein.

b. Proposed transferees (other than an Affiliate of Borrower) must have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Authority, to fulfill Borrower’s obligations undertaken in the Affordable Housing Agreement, the Agreement Containing Covenants, and this Note. A proposed transferee (including an Affiliate of Borrower), by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority must expressly assume all of Borrower’s obligations under the Affordable Housing Agreement, the Agreement Containing Covenants, and this Note and agree to be subject to all conditions and restrictions applicable to Borrower. There must be submitted to the Authority for review all instruments and other legal documents proposed to affect any such transfer; and if approved by the Authority its approval will be indicated to Borrower in writing. If consent should be given, such transfer will be subject to this Section 11.

c. In the absence of specific written agreement by the Authority, no unauthorized Transfer, or approval thereof by the Authority, will be deemed to relieve the Borrower or any other party from any obligations under the Affordable Housing Agreement, the Agreement Containing Covenants, or this Note.

d. In the event of a Transfer prior to the time the Measure S Loan is paid in full without the prior written consent of the Authority, the remaining principal balance of the Measure S Loan and all accrued but unpaid interest will be immediately due and payable.

e. As used herein, “Transfer” means

i. the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

ii. “Transfer” also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of an interest in Borrower, or a conversion of

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Borrower to an entity form other than that of Borrower at the time of execution of the Affordable Housing Agreement, except that, a cumulative change in ownership interest of a general partner of Borrower of forty-nine percent (49%) or less or a “Permitted Transfer” will not be deemed a “Transfer” for purposes of this Note.

12. The Authority will not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. The Authority’s disapproval will be in writing and contain the Authority’s reasons for disapproval.

13. The Measure S Loan is funded from the Authority’s Measure S funds. Accordingly, Borrower agrees for itself, its successors and assigns that the use of the property will be subject to the restrictions on rent and occupancy set forth in the Agreement Containing Covenants.

14. Subject to the provisions and limitations of this Section 14, the obligation to repay the Measure S Loan is a nonrecourse obligation of the Borrower. Borrower and each general partner or limited partner of Borrower will not have any personal liability for repayment of the loan, except as provided in this Section 14. The sole recourse of Authority will be the exercise of its rights against the Property and other security for the Measure S Loan. Provided, however, that the foregoing will not (a) constitute a waiver of an obligation evidenced by this Note or the Authority Deed of Trust; (b) limit the right of the Authority to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Authority Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment will be asked for or taken against Borrower; (c) release or impair this Note or the Authority Deed of Trust; (d) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or other instrument securing the Note or as prescribed by law or in equity in case of default; (e) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; (f) relieve Borrower of its obligations under an indemnity delivered by Borrower to Authority; or (g) affect in any way the validity of a guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Authority Deed of Trust. The foregoing provisions of this paragraph are limited by the provision that in the event of the occurrence of a default, Borrower and its successors and assigns will have personal liability hereunder for any deficiency judgment, but only if and to the extent Borrower, its principals, shareholders, partners or its successors and assigns received rentals, other revenues, or other payments or proceeds in respect of the mortgaged Property after the occurrence of such default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the mortgaged Property, ordinary and reasonable capital improvements to the mortgaged Property, debt service, real estate taxes in respect of the mortgaged Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Borrower in connection with the operation of the mortgaged Property, which are then due and payable. Notwithstanding the first sentence of this paragraph, Authority may recover directly from Borrower or from any other party (other than Borrower’s Investor Limited Partner):

a. damages, costs and expenses incurred by the Authority as a result of fraud or criminal act or acts of Borrower or a partner, shareholder, officer, director or employee of Borrower, or of a member or general or limited partner of Borrower, or of a general or limited partner of such member or general or limited partner;

b. damages, costs and expenses incurred by Authority as a result of misappropriation of funds provided for the payment of Acquisition and Development Costs, as described in the Affordable Housing Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

c. all amounts owing by Borrower pursuant to the indemnification regarding Hazardous Substances under the Environmental Indemnity, and

d. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority will pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in such enforcement or collection action).

15. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of an extension or extensions of the time of payment or of a due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either thereof.

16. Upon the failure of Borrower to perform or observe a term or provision of this Note, or upon the occurrence of an event of default under the terms of the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, and after expiration of the applicable cure period, the holder may exercise its rights or remedies hereunder or thereunder.

17. Defaults and Remedies.

a. Subject to the extensions of time set forth in Section 18, and subject to the further provisions of this Section 17, failure or delay by Borrower to perform a material term or provision of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the Agreement Containing Covenants, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, constitutes a default under this Note.

b. The Authority will give written notice of default to Borrower and the Investor Limited Partner, specifying the default complained of by the Authority. Delay in giving such notice will not constitute a waiver of any default nor will it change the time of default.

c. Failures or delays by the Authority in asserting its rights and remedies as to a default will not operate as a waiver of default or of such rights or remedies. Delays by the Authority in asserting its rights and remedies will not deprive the Authority of its right to institute and maintain actions or proceedings which it may deem necessary to protect, assert, or enforce such rights or remedies.

d. If a monetary event of default occurs under the terms of this Note or the Authority Deed of Trust, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder the Authority will give Borrower, each general partner, and the Investor Limited Partner, concurrent written notice of such default. Borrower will have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by the Authority under this Note and the Authority Deed of Trust. In no event will the Authority be precluded from exercising remedies if its security becomes or is about to become materially impaired by a failure to cure a default or the default is not cured within ten (10) calendar days after the notice of default is received or deemed received.

e. If a non-monetary event of default occurs under the terms of the Affordable Housing Agreement, this Note, the Authority Deed of Trust, the Agreement Containing Covenants, or a document implementing the Affordable Housing Agreement or a deed of trust securing a Senior Loan or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder, the Authority will give Borrower, each General Partner, and the Investor Limited Partner, concurrent notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, Borrower will have such period to effect a cure prior to exercise of remedies by the Authority under the Affordable Housing Agreement, the Agreement Containing Covenants, this Note and/or the Authority Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Borrower will have such additional time as is reasonably necessary to cure the default prior to the Authority's exercise of remedies. If Borrower fails to take corrective action or to cure the default within the time set forth above in this Subsection 17.e, the Authority will give Borrower, the Senior Lender, the Investor Limited Partner written notice thereof, whereupon the Investor Limited Partner, subject to the terms of Borrower's partnership agreement, may take such corrective action, including removing and replacing a general partner. The Investor Limited Partner will have 90 days, or such longer period as is approved by the Authority Executive Director or designee, to remove and replace such general partner of Borrower. The Authority agrees to accept cures tendered by a Senior Lender or the Investor Limited Partner within the time period provided herein. Additionally, in the event the Senior Lender, or Investor Limited Partner is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Borrower or a general partner, the Authority agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which such party is so precluded from acting, not to exceed 90 days or such additional time as is reasonably approved by the Authority Executive Director or designee, provided such Senior Lender or Investor Limited Partner is otherwise in compliance with the foregoing provisions. In no event will Authority be precluded from exercising remedies if its

security becomes or is about to become materially jeopardized by a failure to cure a default or the default is not cured within one hundred eighty (180) days after the notice of default is received or deemed received or such additional time as is reasonably approved by the Authority Executive Director or designee.

f. A notice of default that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, will be deemed delivered upon its transmission; a notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt by Borrower; and a notice of default that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof. Notices will be sent to the following addresses:

To Authority:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 N. Glendale Avenue, Room 202,
Glendale, California 91206
Attention: Executive Director
Facsimile: 818-548-3724

With a copy to:

KANE, BALLMER & BERKMAN
515 S. Figueroa St., Suite 780
Los Angeles, California 90071-3301
Attention: Susan Apy

To Borrower:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
Facsimile: 213-225-2709

With a copy to:

Enterprise Housing Credit Investments, LLC
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Reagan Maechling

18. Notwithstanding specific provisions of this Note, Borrower will not be deemed to be in default for failure to perform a non-monetary obligation hereunder where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays of any contractor, sub-contractor or supplier, acts of the Authority or any other public or governmental Authority or entity, or any causes beyond the control or without the fault of the Borrower. An extension of time for any such cause (a “**Force Majeure Delay**”) will be for the period of the enforced delay and will commence to run from the time of the commencement of the cause, if notice by Borrower is sent to the Authority within fifteen (15) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Delay unless and until Borrower delivers to the Authority written notice describing the event, its cause, when and how Borrower obtained knowledge, the date and the event commenced, and the estimated delay resulting therefrom. Borrower will deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event. Times of performance under this Note may also be extended in writing by the Authority and Borrower, such revision approval may be denied by either party in its sole discretion.

19. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations must be completely performed and paid.

20. The Authority Deed of Trust securing this Note and all other Measure S Loan Documents, except the Agreement Containing Covenants, have been made subordinate and junior to the claims, liens or charges of the Construction Loan Deed of Trust and all other instruments securing the Construction Loan by that certain Subordination Agreement by and among Authority, Borrower and Construction Lender which is being recorded concurrently with the execution and delivery of this Note and the recordation of the Authority Deed of Trust and will also be subordinate and junior to the claims, liens or charges of the Permanent Loan Deed of Trust and all other instruments securing the Permanent Loan.

21. The Authority agrees that the lien of the Authority Deed of Trust will be subordinate to the extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “**Extended Use Agreement**”) recorded against the Project; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under the Authority Deed of Trust or upon a transfer of the Project by instrument in

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lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, will also apply: for a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code. Borrower acknowledges and agrees that a default, event of default, or breach (however such terms may be defined) under the Extended Use Agreement will be an event of default under this Note and the Authority Deed of Trust and that all costs, damages or other amounts, including reasonable attorneys' fees incurred by the Authority as a result of an event of default by Borrower, and all amounts paid by Authority to cure a default under the Extended Use Agreement will be an obligation of Borrower and become a part of the debt evidenced by this Note and secured by the Authority Deed of Trust.

22. With regard to an approval, consent, or other determination by the Authority required under this Note or the other Measure S Loan Documents, the Authority will act reasonably and in good faith.

23. Borrower will have the right to prepay the obligation evidenced by this Note, or any part thereof, without penalty. However, prepayment of the obligation evidenced by this Note prior to the expiration of the term of the Agreement Containing Covenants will not entitle Borrower to a reconveyance of the Authority Deed of Trust.

24. This Note may be executed by each signatory on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

25. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Note dated on or about the date hereof in the original principal amount of \$_____ **[DRAFTING NOTE: WE WILL NEED TO FILL IN AN AMOUNT BEFORE THE NOTE IS SIGNED IN THE AMOUNT IN THE APPROVED PROJECT BUDGET]** issued by Borrower, and payable to Wells Fargo Bank, National Association, or order, to the extent, in the manner provided, and subject to the terms and conditions in that certain Subordination Agreement dated on or about the date hereof between the Senior Lender and the Authority and consented to by the Borrower (the “**Subordination Agreement**”) for so long as such Subordination Agreement shall be in force and effect. The Authority Deed of Trust securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Authority Deed of Trust securing the Note, for so long as such Subordination Agreement shall be in force and effect and to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Authority Deed of Trust securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement, to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement for so long as such Subordination Agreement shall be in force and effect.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF Borrower has executed this Note as of the day and year first set forth above.

BORROWER

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

PROMISSORY NOTE
TO THE HOUSING AUTHORITY
OF THE CITY OF GLENDALE
(HOME PROGRAM FUNDS)

0.75% Interest
\$1,800,000

Glendale, California
_____, 2022

FOR VALUE RECEIVED, HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), hereby promises to pay to the HOUSING AUTHORITY OF THE CITY OF GLENDALE (“**Authority**”), a public body, corporate and politic, or order, a principal amount of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000), being the principal amount of the Authority’s loan of HOME Program construction to permanent funds (the “**HOME Loan**”). This Note is given pursuant to that certain Affordable Housing Agreement dated as of May 24, 2022, between Borrower and the Authority (the “**Affordable Housing Agreement**”) and evidences the HOME Loan to Borrower, which provides part of the financing for the acquisition and development of that certain real property located at 912 and 920 East Broadway and 117 S. Belmont Street in the City of Glendale, legally described in the Deed of Trust securing this Note (the “**Property**”). The obligation of Borrower to Authority hereunder is subject to the terms of the Affordable Housing Agreement, this Note and the following instruments, each dated on or about the date hereof, and, where applicable, executed and delivered by Borrower for the purpose of securing this Note: an Agreement Containing HOME Program Requirements (“**HOME Regulatory Agreement**”); a Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (“**Authority Deed of Trust**”); an Assignment of Rents and Leases (“**Assignment of Rents**”); an Assignment of Agreements (“**Assignment of Agreements**”); and a UCC-1 Financing Statement. Said documents are public records on file in the offices of Authority, and the provisions of said documents are incorporated herein by this reference. The Borrower will pay interest at the rate, in the amount and at the time hereinafter provided.

1. Capitalized terms not otherwise defined herein will have the meaning ascribed to such terms in the Affordable Housing Agreement. In addition, the following terms have the following meanings:

“**Acquisition and Development Costs**” means the total cost of acquiring the Property and developing, rehabilitating and constructing the Improvements thereon, in accordance with the Affordable Housing Agreement.

“**Affiliate**” means any Person directly or indirectly controlling, controlled by or under common control with another Person. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It will be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with

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respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. For purposes of this definition, each general partner will be considered an “Affiliate” of Borrower.

“**Annual Financial Statement**” means the annual audited financial statement of Revenue and Operating Expenses and balance sheet for the Improvements, prepared at the Borrower’s expense, by an independent certified public accountant reasonably acceptable to the Authority, which will form the basis for determining the Residual Receipts.

“**Authority Deed of Trust**” means the Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) executed by Borrower in favor of Authority and dated on or about the date hereof, which secures this Note and the HOME Loan evidenced hereby.

“**Authority’s Share of Residual Receipts**” will have the meaning set forth in Section 8, below.

“**Construction Financing Event**” means the point in time when all conditions precedent to the release of the Construction Loan funds and the Authority Loans funds have been satisfied, in accordance with the Affordable Housing Agreement.

“**Construction Loan**” means the Construction Period loan to be made to Borrower by Wells Fargo Bank, National Association (together with its successors and assigns, “**Construction Lender**”) at the time of the Construction Financing Event, secured by the Construction Loan Deed of Trust.

“**Construction Loan Deed of Trust**” means the deed of trust securing the Construction Loan that is first in priority.

“**Construction Period**” means the period of time commencing upon the Construction Financing Event and ending upon the repayment of the Construction Loan and the funding of the Permanent Loan.

“**Conversion**” means the point in time when the Permanent Loan has been funded, the additional Limited Partner Capital Contribution has been funded (less that portion, not to exceed 10%, of the Limited Partner Capital Contribution that will be funded upon receipt of Form(s) 8609), and the Construction Loan has been repaid in full.

“**Deferred Developer Fee**” means that portion of the Developer Fee which was not paid prior to the date of Conversion or from the proceeds of the Investor Limited Partner’s capital contribution payable upon receipt of Forms 8609s with respect to the Project, and which will be paid from the Revenue remaining after payment of Operating Expenses, prior to any payment of Residual Receipts to the Authority. The term “Deferred Developer Fee” will include any loan or capital contribution made by a partner of Borrower to pay such deferred fee.

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“Developer Equity” means funds provided by the Borrower for payment of Acquisition and Development Costs and will not include the Senior Loan, the LMIHAF Loan, the Measure S Loan, the HOME Loan or any other borrowed funds, and will include the Deferred Developer Fee, the Investor Limited Partner’s capital contribution, as well as any other funds of the Borrower.

“Developer Fee” means the fee in the amount set forth in the Project Budget.

“Environmental Indemnity” means the indemnity in the form attached to the Affordable Housing Agreement as Attachment No. 18, which is incorporated herein by this reference.

“General Partner” means Harrower Village GP, LLC, a California limited liability company, and its authorized successors and assigns.

“Historic Rehabilitation Tax Credits” means tax credits authorized by the Federal Historic Preservation Tax Incentives Program and governed by Section 47 of the Internal Revenue Code.

“HOME Loan” means the loan from the Authority to Borrower pursuant to the Affordable Housing Agreement as amended from time to time, in the amount of \$1,800,000, which is evidenced by this Note and secured by the lien of the Authority Deed of Trust that is second in priority to the lien of the Senior Loan Deed of Trust.

“HOME Loan Documents” means this Note, the Authority Deed of Trust, the HOME Regulatory Agreement, the Assignment of Rents, the Assignment of Agreements, the Environmental Indemnity and the UCC-1 Financing Statement, each dated on or about the date hereof.

“HOME Note” means this Note dated as of the date hereof, evidencing the HOME Loan.

“Improvements” means the 40-unit residential development and ancillary facilities to be constructed on the Property, all as described in the Affordable Housing Agreement.

“Investor Limited Partner” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, and its successors and assigns.

“LMIHAF Loan” means the loan made by the Authority to Borrower in the maximum amount of \$543,000, which is evidenced by the LMIHAF Note and secured by the Authority Deed of Trust.

“LMIHAF Note” means the Promissory Note dated as of the date hereof, evidencing the LMIHAF Loan.

“Low Income Housing Tax Credits” means tax credits authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

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“**Measure S Loan**” means the loan made by the Authority to Borrower in the maximum amount of \$8,357,000, which is evidenced by the Measure S Note and secured by the Authority Deed of Trust.

“**Measure S Note**” means the Promissory Note dated as of the date hereof, evidencing the Measure S Loan.

“**Net Proceeds**” means the proceeds of a sale, transfer or refinancing, less the customary and reasonable costs of the transaction.

“**Operating Expenses**” means actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance and management of the Property that are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles, expressly including, without limitation, payment of the following:

- a. Principal and interest and all periodic fees and costs due and payable on the Senior Loan;
- b. Property and other taxes and assessments imposed on the Project;
- c. A general partner partnership management fee to the General Partner of Borrower not to exceed \$15,000 per year, to be increased at an annual rate of three percent (3%), which will accrue to the extent not paid;
- d. General administrative expenses including but not limited to advertising and marketing, security services and systems and similar customary administrative expenses;
- e. Maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and similar customary services;
- f. Cash deposited into a replacement reserve fund in the amount of \$300 per unit per year to be increased at an annual rate of zero percent (0%);
- g. Cash deposited into an operating reserve fund in such reasonable amounts as are required by Project lenders, the California Tax Credit Allocation Committee, and the Investor Limited Partner from time to time, and approved by the Authority;
- h. Utility services not paid for directly or reimbursed by tenants, including but not limited to water, sewer, trash collection, gas and electricity;
- i. License or certificate of occupancy fees required for operation of the Project;
- j. Premiums for property damage and liability insurance;
- k. Cable television, satellite and similar services;
- l. Recreational amenities, supplies, programs, and services;

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- m. Reasonable property management fee payable to a third party property manager acceptable to the Authority in an annual amount not to exceed 8.0% of Income (gross revenues from all leases and rents of all tenants occupying the Project; storage rental and payments or rentals received from concessionaires, licensees or lessees for the use or occupancy of the Project) pursuant to a management contract approved by the Authority;
- n. A reasonable resident services coordinator fee payable to a coordinator and costs related to the operation of the resident services program, reasonably acceptable to the Authority;
- o. Purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings (other than from reserves);
- p. Fees and expenses of accountants, attorneys, consultants and other professionals, including annual audits and tax return preparation costs payable to a third party; and
- q. An Asset Management Fee to the Investor Limited Partner in an amount not to exceed \$5,000 per year, to be increased at an annual rate of three percent (3.0%);
- r. Payments required under the First Amended and Restated Agreement of Limited Partnership to the Investor Limited Partner for any credit adjusters and any tax liability of the Investor Limited Partner; and
- s. A Project monitoring fee to the Authority in an amount equal to \$6,000 per year.

Operating Expenses will not include the following: depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, or the repayment under Borrower's partnership agreement of operating expense loans or development deficit loans. Operating Expenses will be subject to the reasonable approval of the Authority.

"Permanent Loan" means the initial permanent loan to be made to Borrower by Wells Fargo Bank, N.A. (together with its successors and assigns, **"Permanent Lender"**) at Conversion, secured by the Permanent Loan Deed of Trust.

"Permanent Loan Deed of Trust" means the leasehold deed of trust securing the Permanent Loan that is first in priority.

"Permanent Period" means the period of time commencing upon the repayment of the Construction Loan and the funding of the Permanent Loan and payment of the Limited Partner Capital Contribution.

"Permitted Transfer" means any of the following, provided (except for subsection f. below) Borrower, a General Partner of Borrower, or an Affiliate of such General Partner, retains day-to-day control over management and operations of the Property and the Improvements and

further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws:

- a. An assignment of the Affordable Housing Agreement and Borrower's interests in the Property to an Affiliate or a conveyance back from the Affiliate to Borrower;
- b. A conveyance of a security interest in the Property or any portion thereof or interest therein, in connection with a Senior Loan;
- c. The inclusion of equity participation in the Project by addition of limited partners to Borrower's partnership or similar mechanism, and transfers of limited partnership interests in Borrower's partnership;
- d. The lease for occupancy of all or any part of the Improvements on the Property in accordance with the Affordable Housing Agreement;
- e. The granting of easements or permits to facilitate the development of the Property in accordance with the Affordable Housing Agreement;
- f. The withdrawal, removal and/or replacement of a general partner of Borrower's partnership pursuant to the terms of Borrower's partnership agreement, or a conveyance of Borrower's interest in the Property and the Improvements and/or a transfer of limited partnership interests to a general partner or an affiliate of the Investor Limited Partner pursuant to the option provided to that partner in Borrower's partnership agreement, will not constitute a default under this Agreement or any of the HOME Loan Documents, nor will such actions accelerate the maturity of the HOME Loan, provided that any required substitute general partner is reasonably acceptable to the Authority, as evidenced by the Authority's written consent, and is selected with reasonable promptness, provided that the consent of the Authority shall not be required for a replacement general partner that is an affiliate of Enterprise Community Asset Management, Inc.; and
- g. A transfer approved in writing by Authority's Executive Director or designee, at his or her sole discretion.

A transfer described in clauses a., b., or c. will be subject to the reasonable approval of the Authority Executive Director or designee; provided that, the Authority approves the transfer of limited partner interests in Borrower's partnership, so long as such transfer is not a result of a syndication of the Low Income Housing Tax Credits or the Historic Rehabilitation Tax Credits and does not otherwise result in increased equity participation in Borrower, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

"Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

"Property" means the real property described as the "Property" in and legally described as set forth in Exhibit "A" of the Authority Deed of Trust.

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“Residual Receipts” means the Revenue minus the Operating Expenses, calculated on a 12-month basis, minus the theretofore unpaid portion of the Deferred Developers Fee. All calculations of Residual Receipts will be subject to verification and reasonable approval by the Authority.

“Revenue” means the gross rental income from the Improvements, and any other income to the Borrower derived from the ownership, operation and management of the Property, including but not limited to the following: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project; and condemnation awards for a taking of part or all of the Project for a temporary period. “Revenue” will also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Project, except that the value of services provided by on-site manager(s) will not be treated as “Revenue” if no more than one dwelling unit is leased to or otherwise used by on-site manager(s). “Revenue” will not include tenants’ security deposits, proceeds from the Senior Loan, the Authority Loans, Developer Equity, including capital contributions or similar advances, or interest that is earned on and allocated to reserve accounts.

“Senior Loan” means the Construction Period loan made by Construction Lender (in its capacity as Servicer of the Construction Period loan) to Borrower in the approximate amount of \$15,791,380 and the Permanent Loan to be made by Permanent Lender to Borrower to repay all or part of the Construction Loan in the approximate amount of \$574,000, which will be secured by a deed of trust that is senior and superior to the Authority Deed of Trust, or any other loan secured by a deed of trust or other instrument to which the Authority agrees, in its sole discretion, to subordinate this Note and the Authority Deed of Trust.

“Term” of this Note means a term that expires on the fifty-fifth (55th) anniversary of the date of Conversion, but no later than December 31, 2082.

“Transfer” will have the meaning set forth in Section 11.e of this Note.

2. This Note evidences the obligation of the Borrower to the Housing Authority for the repayment of the HOME Loan. None of the funds provided pursuant to the HOME Loan were funded directly or indirectly with any obligation the interest on which is exempt from tax under Section 103 of the Internal Revenue Code of 1986, as amended, or pursuant to any United States government federal source.

3. This Note is payable at the principal office of Authority, 141 North Glendale Avenue, Glendale, California 91206, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

4. This Note is secured by the Authority Deed of Trust.
5. This Note will bear 0.75% simple interest.
6. Except as described in Section 7 hereof, no payments will be due and payable under this Note except to the extent of (a) the Authority's share of Residual Receipts as described in Section 8, below, and (b) any refinancing, Cost Savings, or Additional Proceeds, subject to the limitations set forth in Section 10, below.
7. The entire unpaid principal balance of this Note and any accrued but unpaid interest will be due and payable upon the expiration of the Term hereof, or immediately upon the occurrence of either of the following:
 - a. if the Property or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the Authority, except as otherwise permitted in this Note, including a Permitted Transfer; or
 - b. if there is a default by the Borrower under the terms of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the HOME Regulatory Agreement, or any deed of trust or other instrument securing the Senior Loan or other obligations secured by a deed of trust on the Property, which is not cured within the respective time period provided herein and therein.
8. Prior to the expiration of the Term hereof, Borrower will be obligated to repay the HOME Loan exclusively from the Authority's share of Residual Receipts, as follows:
 - a. Annually, not later than the thirtieth (30th) day of April, beginning with the year following the year in which Conversion occurs, Borrower will submit to Authority an audited Annual Financial Statement for the preceding calendar year, prepared by a certified public accountant reasonably acceptable to the Authority, determining the amount of Residual Receipts, if any, generated in that year, together with payment of the Authority's Share of such Residual Receipts. The first such Annual Financial Statement will be for the partial year beginning on the date of Conversion and ending on December 31 of that year. The Authority will review and approve such Annual Financial Statement, or request reasonable revisions, within 30 days after receipt. If as the result of the Authority's review of the statement, there is an increase in the amount of any payment due and payable to Authority (as the result, for example, of a determination that the actual amount of Residual Receipts to which the Authority is entitled exceeds the amount of Authority's share of Residual Receipts shown in the Annual Financial Statement submitted by Borrower), Borrower will promptly pay to the Authority the difference, with interest, from the date on which such payment was due, at the rate of one percent (1%) over the Prime Rate announced by Bank of America, but in any event within ten (10) days of notice of such increase.
 - b. The Authority's Share of Residual Receipts to be applied to this Note, the LMIHAF Note, and the Measure S Note will be 75%. The Authority's Share of Residual Receipts will be applied to the HOME Note, the LMIHAF Note, and the Measure S Note as follows: 16.82% (i.e., \$1,800,000/\$10,700,000) will be applied to this Note, 5.07% (i.e., \$543,000/\$10,700,000)

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will be applied to the LMIHAF Note, and 78.10% (i.e., \$8,357,000/\$10,700,000) will be applied to the Measure S Note.

9. All payments applied to this Note will be applied first to penalties and late fees, then to interest, then to reduce the principal amount owed.

10. The HOME Loan evidenced by this Note is based on the assumption that, upon completion and stabilization, all Acquisition and Development Costs will be \$29,468,731 and the maximum amount of the Permanent Loan to be secured by a first priority deed of trust will be \$574,000. To induce Authority to make the HOME Loan evidenced hereby, Borrower covenants and agrees as follows:

a. If Borrower obtains a Permanent Loan in a principal amount in excess of \$574,000, Borrower will apply an amount equal to fifty percent (50%) of the proceeds thereof in excess of \$574,000 (the “**Additional Proceeds**”) to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan, except to the extent such Additional Proceeds are needed to either pay for cost overruns for which no other funds are available (other than from Borrower’s general partners) or to compensate for reductions in other permanent financing sources. If at any time Borrower refinances the Permanent Loan, Borrower will apply the Net Proceeds of any such refinancing first to pay previously incurred Operating Expenses (as defined above) still owing, then fifty percent (50%) of the balance will be paid to the Authority to pay accrued interest on, and then reduce the principal amount of the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

b. If there are Cost Savings with respect to the Project, the following will occur: (1) to the extent of fifty percent (50%) of the Cost Savings, any undisbursed amount of the Authority Loans plus any undisbursed capital contributions made by the Investor Limited Partner payable at Conversion and upon receipt of Forms 8609 in excess of the amounts needed to pay developer fee from such capital contributions will be released to the Authority as a payment of accrued interest on and then reduction of the principal amount of the Authority Loans; and (2) each Lender’s unfunded commitment will terminate. For purposes hereof, “**Cost Savings**”, shall mean the difference between the total sources of funds and the total cost of development as shown in the Borrower’s cost certification contained in Borrower’s application to the California Tax Credit Allocation Committee for a Form 8609 for the Project (“**Tax Credit Report**”); provided, however, the Cost Savings will be adjusted to take into account (i) the loss of any equity investment due to an adjustment in the allowable tax credits; provided that the tax credit factor applied to the required equity contribution will be as set forth in Borrower’s limited partnership agreement; and (ii) any reduction in the first mortgage loan required by the Senior Loan Documents. The amount payable to Authority under this paragraph will be paid within sixty (60) days following submittal of the Tax Credit Report to the California Tax Credit Allocation Committee.

11. Prohibitions on Transfer.

a. Prior to the repayment in full of the HOME Loan and expiration of the Term of the HOME Regulatory Agreement, the Borrower must not, except for Permitted Transfers or as permitted by the Affordable Housing Agreement, assign or attempt to assign the Affordable Housing Agreement or this Note or any right therein or herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property (referred to hereinafter as a “**Transfer**”), without prior written approval of the Authority, except as expressly permitted by the Affordable Housing Agreement or this Note. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Authority shall not unreasonably withhold or delay its consent. If consent should be given, any such transfer shall be subject to this Section 11, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein.

b. Proposed transferees (other than an Affiliate of Borrower) must have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Authority, to fulfill Borrower’s obligations undertaken in the Affordable Housing Agreement, the HOME Regulatory Agreement, and this Note. A proposed transferee (including an Affiliate of Borrower), by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority must expressly assume all of Borrower’s obligations under the Affordable Housing Agreement, the HOME Regulatory Agreement, and this Note and agree to be subject to all conditions and restrictions applicable to Borrower. There must be submitted to the Authority for review all instruments and other legal documents proposed to affect any such transfer; and if approved by the Authority its approval will be indicated to Borrower in writing. If consent should be given, such transfer will be subject to this Section 11.

c. In the absence of specific written agreement by the Authority, no unauthorized Transfer, or approval thereof by the Authority, will be deemed to relieve the Borrower or any other party from any obligations under the Affordable Housing Agreement, the HOME Regulatory Agreement, or this Note.

d. In the event of a Transfer prior to the time the HOME Loan is paid in full without the prior written consent of the Authority, the remaining principal balance of the HOME Loan and all accrued but unpaid interest will be immediately due and payable.

e. As used herein, “Transfer” means

i. the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein (including, without limitation, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project.

ii. “Transfer” also includes the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of an interest in Borrower, or a conversion of

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Borrower to an entity form other than that of Borrower at the time of execution of the Affordable Housing Agreement, except that, a cumulative change in ownership interest of a general partner of Borrower of forty-nine percent (49%) or less or a “Permitted Transfer” will not be deemed a “Transfer” for purposes of this Note.

12. The Authority will not unreasonably withhold, condition, or delay its approval of any matter for which its approval is required hereunder. The Authority’s disapproval will be in writing and contain the Authority’s reasons for disapproval.

13. The HOME Loan is funded from the Authority’s HOME Program Funds. Accordingly, Borrower agrees for itself, its successors and assigns that the use of the property will be subject to the restrictions on rent and occupancy set forth in the HOME Regulatory Agreement.

14. Subject to the provisions and limitations of this Section 14, the obligation to repay the HOME Loan is a nonrecourse obligation of the Borrower. Borrower and each general partner or limited partner of Borrower will not have any personal liability for repayment of the loan, except as provided in this Section 14. The sole recourse of Authority will be the exercise of its rights against the Property and other security for the HOME Loan. Provided, however, that the foregoing will not (a) constitute a waiver of an obligation evidenced by this Note or the Authority Deed of Trust; (b) limit the right of the Authority to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Authority Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment will be asked for or taken against Borrower; (c) release or impair this Note or the Authority Deed of Trust; (d) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or other instrument securing the Note or as prescribed by law or in equity in case of default; (e) prevent or in any way hinder the Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, its remedies in respect of deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; (f) relieve Borrower of its obligations under an indemnity delivered by Borrower to Authority; or (g) affect in any way the validity of a guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Authority Deed of Trust. The foregoing provisions of this paragraph are limited by the provision that in the event of the occurrence of a default, Borrower and its successors and assigns will have personal liability hereunder for any deficiency judgment, but only if and to the extent Borrower, its principals, shareholders, partners or its successors and assigns received rentals, other revenues, or other payments or proceeds in respect of the mortgaged Property after the occurrence of such default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the mortgaged Property, ordinary and reasonable capital improvements to the mortgaged Property, debt service, real estate taxes in respect of the mortgaged Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Borrower in connection with the operation of the mortgaged Property, which are then due and payable. Notwithstanding the first sentence of this paragraph, Authority may recover directly from Borrower or from any other party (other than Borrower’s Investor Limited Partner):

a. damages, costs and expenses incurred by the Authority as a result of fraud or criminal act or acts of Borrower or a partner, shareholder, officer, director or employee of Borrower, or of a member or general or limited partner of Borrower, or of a general or limited partner of such member or general or limited partner;

b. damages, costs and expenses incurred by Authority as a result of misappropriation of funds provided for the payment of Acquisition and Development Costs, as described in the Affordable Housing Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

c. all amounts owing by Borrower pursuant to the indemnification regarding Hazardous Substances under the Environmental Indemnity, and

d. all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority will pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in such enforcement or collection action).

15. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of an extension or extensions of the time of payment or of a due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Authority Deed of Trust or any term or provision of either thereof.

16. Upon the failure of Borrower to perform or observe a term or provision of this Note, or upon the occurrence of an event of default under the terms of the Authority Deed of Trust, the Affordable Housing Agreement, the HOME Regulatory Agreement, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, and after expiration of the applicable cure period, the holder may exercise its rights or remedies hereunder or thereunder.

17. Defaults and Remedies.

a. Subject to the extensions of time set forth in Section 18, and subject to the further provisions of this Section 17, failure or delay by Borrower to perform a material term or provision of this Note, the Authority Deed of Trust, the Affordable Housing Agreement, the HOME Regulatory Agreement, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, constitutes a default under this Note.

b. The Authority will give written notice of default to Borrower and the Investor Limited Partner, specifying the default complained of by the Authority. Delay in giving such notice will not constitute a waiver of any default nor will it change the time of default.

c. Failures or delays by the Authority in asserting its rights and remedies as to a default will not operate as a waiver of default or of such rights or remedies. Delays by the Authority in asserting its rights and remedies will not deprive the Authority of its right to institute and maintain actions or proceedings which it may deem necessary to protect, assert, or enforce such rights or remedies.

d. If a monetary event of default occurs under the terms of this Note or the Authority Deed of Trust, or a deed of trust securing a Senior Loan, or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder the Authority will give Borrower, each general partner, and the Investor Limited Partner, concurrent written notice of such default. Borrower will have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by the Authority under this Note and the Authority Deed of Trust. In no event will the Authority be precluded from exercising remedies if its security becomes or is about to become materially impaired by a failure to cure a default or the default is not cured within ten (10) calendar days after the notice of default is received or deemed received.

e. If a non-monetary event of default occurs under the terms of the Affordable Housing Agreement, this Note, the Authority Deed of Trust, the HOME Regulatory Agreement, or a document implementing the Affordable Housing Agreement or a deed of trust securing a Senior Loan or other obligations secured by a deed of trust on the Property, prior to exercising its remedies hereunder or thereunder, the Authority will give Borrower, each General Partner, and the Investor Limited Partner, concurrent notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, Borrower will have such period to effect a cure prior to exercise of remedies by the Authority under the Affordable Housing Agreement, the HOME Regulatory Agreement, this Note and/or the Authority Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Borrower will have such additional time as is reasonably necessary to cure the default prior to the Authority's exercise of remedies. If Borrower fails to take corrective action or to cure the default within the time set forth above in this Subsection 17.e, the Authority will give Borrower, the Senior Lender, the Investor Limited Partner written notice thereof, whereupon the Investor Limited Partner, subject to the terms of Borrower's partnership agreement, may take such corrective action, including removing and replacing a general partner. The Investor Limited Partner will have 90 days, or such longer period as is approved by the Authority Executive Director or designee, to remove and replace such general partner of Borrower. The Authority agrees to accept cures tendered by a Senior Lender or the Investor Limited Partner within the time period provided herein. Additionally, in the event the Senior Lender, or Investor Limited Partner is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Borrower or a general partner, the Authority agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which such party is so precluded from acting, not to exceed 90 days or such additional time as is reasonably approved by the Authority Executive Director or designee, provided such Senior Lender or Investor Limited Partner is otherwise in compliance with the foregoing provisions. In no event will Authority be precluded from exercising remedies if its

security becomes or is about to become materially jeopardized by a failure to cure a default or the default is not cured within one hundred eighty (180) days after the notice of default is received or deemed received or such additional time as is reasonably approved by the Authority Executive Director or designee.

f. A notice of default that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, will be deemed delivered upon its transmission; a notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt by Borrower; and a notice of default that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof. Notices will be sent to the following addresses:

To Authority:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 N. Glendale Avenue, Room 202,
Glendale, California 91206
Attention: Executive Director
Facsimile: 818-548-3724

With a copy to:

KANE, BALLMER & BERKMAN
515 S. Figueroa St., Suite 780
Los Angeles, California 90071-3301
Attention: Susan Apy

To Borrower:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
Facsimile: 213-225-2709

With a copy to:

Enterprise Housing Credit Investments, LLC
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Reagan Maechling

18. Notwithstanding specific provisions of this Note, Borrower will not be deemed to be in default for failure to perform a non-monetary obligation hereunder where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays of any contractor, sub-contractor or supplier, acts of the Authority or any other public or governmental Authority or entity, or any causes beyond the control or without the fault of the Borrower. An extension of time for any such cause (a “**Force Majeure Delay**”) will be for the period of the enforced delay and will commence to run from the time of the commencement of the cause, if notice by Borrower is sent to the Authority within fifteen (15) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Delay unless and until Borrower delivers to the Authority written notice describing the event, its cause, when and how Borrower obtained knowledge, the date and the event commenced, and the estimated delay resulting therefrom. Borrower will deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event. Times of performance under this Note may also be extended in writing by the Authority and Borrower, such revision approval may be denied by either party in its sole discretion.

19. If the rights created by this Note are held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations must be completely performed and paid.

20. The Authority Deed of Trust securing this Note and all other HOME Loan Documents, except the HOME Regulatory Agreement, have been made subordinate and junior to the claims, liens or charges of the Construction Loan Deed of Trust and all other instruments securing the Construction Loan by that certain Subordination Agreement by and among Authority, Borrower and Construction Lender which is being recorded concurrently with the execution and delivery of this Note and the recordation of the Authority Deed of Trust and will also be subordinate and junior to the claims, liens or charges of the Permanent Loan Deed of Trust and all other instruments securing the Permanent Loan.

21. The Authority agrees that the lien of the Authority Deed of Trust will be subordinate to the extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “**Extended Use Agreement**”) recorded against the Project; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under the Authority Deed of Trust or upon a transfer of the Project by instrument in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, will also apply: for a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code. Borrower acknowledges and agrees that a default, event of default, or breach (however such terms may be defined) under the Extended

Use Agreement will be an event of default under this Note and the Authority Deed of Trust and that all costs, damages or other amounts, including reasonable attorneys' fees incurred by the Authority as a result of an event of default by Borrower, and all amounts paid by Authority to cure a default under the Extended Use Agreement will be an obligation of Borrower and become a part of the debt evidenced by this Note and secured by the Authority Deed of Trust.

22. With regard to an approval, consent, or other determination by the Authority required under this Note or the other HOME Loan Documents, the Authority will act reasonably and in good faith.

23. Borrower will have the right to prepay the obligation evidenced by this Note, or any part thereof, without penalty. However, prepayment of the obligation evidenced by this Note prior to the expiration of the term of the HOME Regulatory Agreement will not entitle Borrower to a reconveyance of the Authority Deed of Trust.

24. This Note may be executed by each signatory on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

25. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Note dated on or about the date hereof in the original principal amount of \$_____ **[DRAFTING NOTE: WE WILL NEED TO FILL IN AN AMOUNT BEFORE THE NOTE IS SIGNED IN THE AMOUNT IN THE APPROVED PROJECT BUDGET]** issued by Borrower, and payable to Wells Fargo Bank, National Association, or order, to the extent, in the manner provided, and subject to the terms and conditions in that certain Subordination Agreement dated on or about the date hereof between the Senior Lender and the Authority and consented to by the Borrower (the "**Subordination Agreement**") for so long as such Subordination Agreement shall be in force and effect. The Authority Deed of Trust securing this Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Authority Deed of Trust securing the Note, for so long as such Subordination Agreement shall be in force and effect and to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Note under the Authority Deed of Trust securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement, to the extent, in the manner provided, and subject to the terms and conditions of the Subordination Agreement for so long as such Subordination Agreement shall be in force and effect.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF Borrower has executed this Note as of the day and year first set forth above.

BORROWER

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

Recording Requested by and
When Recorded Mail to:

HOUSING AUTHORITY OF
THE CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attention: Director of Housing
and Community Development

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 5674-010-901

Document entitled to free
recording per Government
Code Section 27383

**SUBORDINATED LEASEHOLD DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)**
(912 and 920 East Broadway & 117 S. Belmont Street)

This Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) is made as of _____, 2022 by HARROWER VILLAGE, L.P., a California limited partnership (“**Trustor**”) (whose address is 1149 S. Hill Street, Suite 700, Los Angeles, California 90015), to COMMONWEALTH LAND TITLE COMPANY, a California corporation (“**Trustee**”), for the benefit of THE HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body corporate and politic (“**Beneficiary**”), whose address is 141 North Glendale Avenue, Suite 202, Glendale, California 91206.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the “**Trust Estate**”):

(a) That certain real property in the City of Glendale, County of Los Angeles, State of California more particularly described in Exhibit “A” attached hereto and by this reference made a part hereof (the “**Subject Property**”);

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the “**Improvements**”);

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(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefitting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the “**Appurtenances**”). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the “**Real Property**”);

(d) subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the “**Rents**”);

(e) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the “**UCC**”), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the “**Goods**,” and together with the Real Property, the “**Property**”); and

(f) all present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale

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proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the “**Intangibles**”).

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the “**Personal Property**”). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary will have, in addition to all rights and remedies provided herein, all the rights and remedies of a “secured party” under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9313 and 9402(6) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

- (1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) a promissory note in the original principal amount of \$543,000, executed by Trustor of even date herewith (the “**LMIHAF Note**”);
 - (b) a promissory note in the original principal amount of \$8,357,000, executed by Trustor of even date herewith (the “**Measure S Note**”);
 - (c) a promissory note in the original principal amount of \$1,800,000, executed by Trustor of even date herewith (the “**HOME Note**”) (the LMIHAF Note, the Measure S Note, and the HOME Note may collectively be referred to herein as the “**Notes**”);
 - (d) the Affordable Housing Agreement dated as of May 24, 2022 (the “**Affordable Housing Agreement**”), between Trustor and Beneficiary;
 - (e) the Agreement Containing Covenants (Including Rental Restrictions) between Trustor and Beneficiary, recorded concurrently herewith (“**Agreement Containing Covenants**”); and
 - (f) the Agreement Containing HOME Program Requirements between Trustor and Beneficiary, recorded concurrently herewith (“**HOME Regulatory Agreement**”); and

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(2) payment of indebtedness of the Trustor to the Beneficiary in the principal sum of \$543,000 or so much thereof as will be advanced, evidenced by the LMIHAF Note secured hereby, with interest, according to the terms of the LMIHAF Note secured hereby;

(3) payment of indebtedness of the Trustor to the Beneficiary in the principal sum of \$8,357,000 or so much thereof as will be advanced, evidenced by the Measure S Note secured hereby, with interest, according to the terms of the Measure S Note secured hereby; and

(4) payment of indebtedness of the Trustor to the Beneficiary in the principal sum of \$1,800,000 or so much thereof as will be advanced, evidenced by the HOME Note secured hereby, with interest, according to the terms of the HOME Note secured hereby.

The Affordable Housing Agreement, including all Attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the Agreement Containing Covenants, the HOME Regulatory Agreement, the LMIHAF Note, the Measure S Note, the HOME Note, the Assignment of Rents and Leases, and the Assignment of Agreements, all as described in the Affordable Housing Agreement (collectively referred to as the “**Secured Obligations**”) and all of their terms are incorporated herein by reference and this conveyance will secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. Each capitalized term that is not otherwise defined in this Deed of Trust has the meaning ascribed to it in the Affordable Housing Agreement.

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

1. That Trustor will pay the Notes secured hereby at the time and in the manner provided therein, and perform the obligations of the Developer as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor will not permit or suffer the use of any of the property for any purpose other than the uses permitted by the Affordable Housing Agreement, the Agreement Containing Covenants, and the HOME Regulatory Agreement;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of

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notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Affordable Housing Agreement.

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary will be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements to be constructed on the Property in accordance with the Affordable Housing Agreement insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by the Beneficiary, and all such insurance will be evidenced by standard fire and extended coverage insurance policy or policies. In no event will the amounts of coverage be less than 100 percent of the insurable value of the Property. Such policies will be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies will be deposited with the Beneficiary;

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting said Property; to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor will not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. To keep said property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law and/or covenants, conditions and/or restrictions affecting said property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon said property without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

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10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, the Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary will specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary will have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary will be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Notes secured hereby;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions, and agreements of said agreements, the principal sum and all arrears of interest, and other charges provided for in the Notes secured hereby will at the option of the Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor will not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor will, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in an amount one-and-one-half (1½) times the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

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15. That any and all improvements made or about to be made upon the premises covered by this Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of the Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of the beneficiary of the Construction Loan Deed of Trust, the Permanent Loan Deed of Trust and any other obligation having a lien on the Property that is senior to the lien of this Deed of Trust (“**Senior Lender**”), Beneficiary will be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, and will be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage; provided, that Beneficiary shall permit the use of such funds to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged as long as such reconstruction or restoration is feasible and can be completed prior to the expiration of the Term of the Loan. Subject to the rights of the Senior Lenders, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including reasonable attorney’s fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, will be applied to the amount due under the Notes secured hereby. No amount applied to the reduction of the principal will relieve the Trustor from making regular payments as required by the Notes secured hereby;

18. Upon default by Trustor in making any payments provided for in the Notes secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Section 34 of this Deed of Trust, below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the Property to be sold, which notice Trustee will cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary

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will also deposit with Trustee this Deed of Trust, the Notes and all documents evidencing expenditures secured hereby;

19. a. Prior to the repayment in full of the LMIHAF Loan, the Measure S Loan, and the HOME Loan and expiration of the terms of the Agreement Containing Covenants and the HOME Regulatory Agreement, the Trustor will not assign or attempt to assign the Affordable Housing Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Project thereon, or any portion thereof or interest therein (referred to hereinafter as a “**Transfer**”), without prior written approval of the Beneficiary, except for the Permitted Transfers described in Section 19.e.(3) below, or as otherwise permitted in the Notes secured hereby. Consent to one such transaction will not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary will not unreasonably withhold or delay its consent. If consent should be given, any such transfer will be subject to this Section 19, and any such transferee will assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of paragraph e.(3) of this Section 19, below.

b. Any such proposed transferee will have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Beneficiary, to fulfill the obligations undertaken by Trustor in the Affordable Housing Agreement and the Authority Loan Documents. Any such proposed transferee, by instrument in writing satisfactory to the Beneficiary and in form recordable among the land records of Los Angeles County, for itself and its successors and assigns, and for the benefit of the Beneficiary will expressly assume all of the obligations of the Trustor under the Affordable Housing Agreement and the Authority Loan Documents, and agree to be subject to all conditions and restrictions applicable to the Trustor in this Deed of Trust, subject to the provisions of paragraph e.(3) of this Section 19. There will be submitted to the Beneficiary for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the Beneficiary its approval will be indicated to the Trustor in writing.

c. In the absence of specific written agreement by the Beneficiary, no unauthorized Transfer, or approval thereof by the Beneficiary, will be deemed to relieve the Trustor or any other party from any obligations under the Affordable Housing Agreement or any other Authority Loan Document.

d. In the event of a Transfer without the prior written consent of the Beneficiary, prior to the time the LMIHAF Loan, the Measure S Loan, and the HOME Loan are paid in full, the net proceeds (after repayment in full of any Senior Loan and the reconveyance of the Construction Loan Deed of Trust or Permanent Loan Deed of Trust), will be paid to the Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the LMIHAF Loan, the Measure S Loan, and the HOME Loan.

e. (1) As used herein, “Transfer” includes the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein,

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whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e.(3) of this Section 19, below.

(2) “Transfer” will also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Affordable Housing Agreement, except that a cumulative change in ownership interest of any general partner of forty-nine percent (49%) or less will not be deemed a “transfer” for purposes of this Deed of Trust and except for a “Permitted Transfer.”

(3) “Notwithstanding paragraphs (1) and (2), above, “Transfer” will not include any of the following Permitted Transfers, provided (except for subsection (f) below) Trustor, a general partner of Trustor, or an Affiliate of such general partner, retains day-to-day control over management of the Property and Improvements:

(a) An assignment of the Affordable Housing Agreement and sale of all of Trustor’s interest in the Property to an Affiliate, or a sale back to Trustor, which will be subject to the reasonable approval of Beneficiary’s Executive Director or designee;

(b) A conveyance of a security interest in the Property in connection with a Senior Loan; provided that, a refinancing that increases the principal balance of the Senior Loan, increases the principal and interest payments required under the Senior Loan, changes the maturity of the Senior Loan, increases the interest rate of the Senior Loan, or otherwise changes the Senior Loan terms in a manner that creates an adverse effect upon the Authority will not be considered a Permitted Transfer and must be approved by Beneficiary’s Executive Director or designee;

(c) The inclusion of equity participation by Trustor by addition of limited partners to Trustor’s partnership, or similar mechanisms, and any transfers of limited partnership interests in Trustor’s partnership;

(d) The leasing for occupancy of all or any part of the Improvements on the Property, in accordance with the Affordable Housing Agreement, the Agreement Containing Covenants, and the HOME Regulatory Agreement;

(e) The granting of easements or permits to facilitate the development of the Property in accordance with the Affordable Housing Agreement;

(f) In addition, the withdrawal, removal and/or replacement of a general partner of Trustor’s partnership pursuant to the terms of the Trustor’s partnership agreement or a conveyance of Trustor’s interest in the Property and the Improvements or a transfer of limited partnership interests to a general partner pursuant to the option provided to that partner in Trustor’s partnership agreement will not constitute a default under this Deed of Trust or any of

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the Authority Loan Documents, nor will such actions accelerate the maturity of the LMIHAF Loan, Measure S Loan, or the HOME Loan, provided that any required substitute general partner, is reasonably acceptable to the Beneficiary and is selected with reasonable promptness; provided, that an affiliate of Enterprise Community Asset Management, Inc. shall not be require Beneficiary's approval; and,

(g) Any transfer approved in writing by Beneficiary's Executive Director or designee, at his or her sole discretion.

Transfers described in clauses (a), (b), or (c) will be subject to the reasonable approval of the Beneficiary's Executive Director or designee; provided that, the Beneficiary approves the transfer of limited partner interests in Trustor's partnership, so long as such transfer is not a result of a syndication of the Low Income Housing Tax Credits or the Historic Rehabilitation Tax Credits and does not otherwise result in increased equity participation in Trustor, and further provided that such transfer is not to a Prohibited Person or would otherwise violate Anti-Terrorism Laws.

f. The Beneficiary will not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder.

Any disapproval will be in writing and contain the Beneficiary's reasons for disapproval.

20. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, will sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee will deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts will be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee will apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Notes; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and

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without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution will be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, will be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention and upon payment of its fees, Trustee will reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or fact will be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as “the person or persons legally entitled thereto”;

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term “Beneficiary” will include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Notes secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee will be a party unless brought by Trustee;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the following address:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
(Facsimile: 213-225-2709)

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With a copy to Limited Partner:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: General Counsel

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the acquisition, development, rehabilitation, and construction of the Improvements, including 39 dwelling units of affordable housing (plus one manager's unit) for Extremely Low, Very Low Income, and Low Income Senior Citizen Households, and such dwelling units will be occupied exclusively by such persons as set forth in the Secured Obligations.

30. Trustor agrees that, except as otherwise provided in the Notes secured hereby or in this Deed of Trust, upon sale or refinancing of the Property, the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, will at the option of Beneficiary be immediately due and payable.

31. The obligation to repay the LMIHAF Loan, the Measure S Loan, and the HOME Loan is a nonrecourse obligation of the Trustor and its partners. Neither Trustor nor any of its general or limited partners, nor any other party, will have any personal liability for repayment of the loan. The sole recourse of Beneficiary will be the exercise of its rights against the Property and any related security for the LMIHAF Loan, the Measure S Loan, and the HOME Loan. Notwithstanding the foregoing, Beneficiary may recover directly from Trustor or from any other party (other than Trustor's Investor Limited Partner):

(a) any damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any partner, shareholder, officer, director or employee of Trustor, or of any member or general or limited partner of Trustor, or of any general or limited partner of such member or general or limited partner;

(b) any damages, costs and expenses incurred by Beneficiary as a result of any misappropriation of funds provided for the construction of the Improvements, rents and

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revenues from the operation of the Improvements or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Substances pursuant to the Environmental Indemnity, and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Beneficiary will pay Trustor's reasonable court costs and attorneys' fees if Trustor is the prevailing party in any such enforcement or collection action).

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder will not be deemed to be in default where delays or defaults are proximately caused by any of the following Force Majeure events, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor: War; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts of terrorism, epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Beneficiary will not excuse performance by the Beneficiary); the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events will constitute a Force Majeure Event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor will deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event.

33. If the rights and liens created by this Deed of Trust will be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations will be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor will be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

34. (a) Subject to the extensions of time set forth in Section 32, and subject to the further provisions of this Section 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

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(b) Beneficiary will give written notice of default to Trustor and the Investor Limited Partner, specifying the default complained of by the Beneficiary. Delay in giving such notice will not constitute a waiver of any default nor will it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default will not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies will not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, prior to exercising its remedies, Beneficiary will give Trustor, each general partner, and the Investor Limited Partner, concurrent written notice of such default. Trustor and the Investor Limited Partner will have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by the Beneficiary under this Deed of Trust. In no event will the Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially impaired by a failure to cure a default or the default is not cured within ten (10) calendar days after the notice of default is received or deemed received.

(e) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary will give Trustor, each general partner, and the Investor Limited Partner, concurrent notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, Trustor will have such period to effect a cure prior to exercise of remedies by the Beneficiary under this Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Trustor will have such additional time as is reasonably necessary to cure the default prior to the Beneficiary's exercise of remedies. If Trustor fails to take corrective action or to cure the default within the time set forth above in this subsection (e), Beneficiary will give Trustor, the Senior Lender, and the Investor Limited Partner written notice thereof, whereupon the Investor Limited Partner, subject to the terms of Trustor's partnership agreement, may take such corrective action, including removing and replacing a general partner. The Investor Limited Partner will have 90 days, or such longer period as is approved by the Beneficiary Executive Director or designee, to remove and replace such general partner of Trustor. Beneficiary agrees to accept cures tendered by a Senior Lender or the Investor Limited Partner within the time period provided herein. Additionally, in the event the Senior Lender or Investor Limited Partner is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Trustor or a general partner, Beneficiary agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which such party is so precluded from acting, not to exceed 90 days or such additional time as is reasonably approved by the Beneficiary Executive Director or designee, provided such Senior Lender or Investor Limited Partner is otherwise in compliance with the foregoing provisions. In no event will Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by a failure to cure a default or the default is not cured within one hundred eighty

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(180) days after the notice of default is received or deemed received or such additional time as is reasonably approved by the Beneficiary Executive Director or designee.

(f) After Trustor gives written notice to Beneficiary that the Investor Limited Partner has been admitted to the Trustor, Beneficiary will send to the Investor Limited Partner a copy of all notices of default and all other notices that Beneficiary sends to Trustor, at the address for the Investor Limited Partner as provided by written notice to Beneficiary by Trustor.

(g) Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, will be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof.

35. This Deed of Trust will be subordinate and junior to the Construction Loan Deed of Trust. Following the reconveyance of the lien of the Construction Loan Deed of Trust, this Deed of Trust will be subordinate and junior to the deed of trust in favor of the maker of any permanent or take-out loan (each of which loans is referred to herein as a “**Permanent Loan**”), as described in the Notes secured hereby. The Executive Director of the Beneficiary or his designee will execute such instruments as may be necessary to subordinate the lien of this Deed of Trust and the Secured Obligations, to the deed of trust securing the Construction Loan, the Permanent Loan, any regulatory agreement recorded in connection with the issuance of the Low Income Housing Tax Credits. In the event of a default or breach by Trustor of any security instrument securing a Senior Loan described in this Section 35, Beneficiary will have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary will be entitled to reimbursement by Trustor of all reasonable costs and expenses incurred by Beneficiary in curing the default. The amount of any such disbursements will be a lien against the Subject Property and added to the obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law.

36. The Trustor has informed the Beneficiary that Trustor intends that the Project qualify for an allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code (“**Tax Credits**”). In order to receive an allocation of Tax Credits, the Trustor will be required to record in the real property records of the County of Los Angeles an “extended low-income housing commitment” (as defined in Code Section 42(h)(6)(B)) (the “**Extended Use Agreement**”). If the Trustor demonstrates to the reasonable satisfaction of the Beneficiary that the Tax Credit Allocation Committee or applicable federal law requires that the lien of this Deed of Trust be subordinate to the Extended Use Agreement, then the Beneficiary will execute a subordination agreement (“**Extended Use Subordination Agreement**”) wherein the lien of this Deed of Trust is subordinated to the Extended Use Agreement. The Extended Use Subordination Agreement will:

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(a) provide that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Property by instrument in lieu of foreclosure or comparable conversion of the LMIHAF Loan, the Measure S Loan, and HOME Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code;

(b) provide that the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, will also apply: for a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Extended Use Agreement, (i) none of the tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code;

(c) provide that Trustor acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) under the Extended Use Agreement will be an event of default under this Deed of Trust and that any costs, damages or other amounts, including reasonable attorneys' fees incurred by Beneficiary as a result of an event of default by Trustor, and any amounts paid by Beneficiary to cure any default under the Extended Use Agreement will be an obligation of Trustor and become a part of the debt evidenced by the LMIHAF Loan, the Measure S Note, and/or the HOME Note, as applicable, and secured by this Deed of Trust; and

(d) otherwise be in a form reasonably acceptable to Beneficiary.

37. This Deed of Trust will be subject to the terms and conditions set forth in that certain Subordination Agreement recorded concurrently herewith by and among the Trustor, Senior Lender, and the Beneficiary, as the same may be amended, restated, supplemented or modified from time to time.

[Remainder of page intentionally blank]

[signatures on following page]

05.16.22

IN WITNESS WHEREOF Trustor has executed this Deed of Trust as of the day and year set forth above.

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

By: _____

Lara Regus
Senior Vice President

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

HOUSING AUTHORITY OF THE
CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attn: Director of Housing
and Community Development

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 5674-010-901

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT OF RENTS AND LEASES (the "Assignment") is made as of _____, 2022 by HARROWER VILLAGE, L.P., a California limited partnership ("**Borrower**"), in favor of the HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body, corporate and politic, and its successors and assigns (collectively, the "**Authority**").

RECITALS

A. Borrower is the owner of a leasehold interest in real property described in Exhibit "A" attached hereto, and the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "**Premises**".

B. Authority has agreed to make three loans to Borrower in the original principal amounts of FIVE HUNDRED FORTY-THREE THOUSAND DOLLARS (\$543,000) ("**LMIHAF Loan**"), EIGHT MILLION THREE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS (\$8,357,000) ("**Measure S Loan**"), and ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) ("**HOME Loan**" and, together with the LMIHAF Loan and the Measure S Loan, collectively, the "**Authority Loans**"), pursuant to the terms of an Affordable Housing Agreement by and between Borrower and Authority dated as of May 24, 2022 ("**Loan Agreement**"). The LMIHAF Loan, the Measure S Loan, and the HOME Loan are each

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evidenced by a promissory note of even date herewith (each, a “**Note**”) and are secured by a Subordinated Leasehold Deed of Trust, Security Agreement and Fixture Filing, of even date herewith, executed by Borrower, as Trustor, for the benefit of Authority, as Beneficiary (“**Deed of Trust**”).

C. In order to induce Authority to make the Authority Loans to Borrower, Borrower has agreed to execute this Assignment.

NOW, THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt of which is hereby acknowledged, Borrower agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, have the meaning ascribed to them in the Loan Agreement.

2. Borrower hereby absolutely grants, sells, assigns, transfers, and sets over to Authority, by this Assignment, all of Borrower’s interests, whether now existing or hereafter acquired, in all leases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Premises, together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants (“**Lessees**”) thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the “**Leases**” and individually as a “**Lease**”).

3. Borrower’s purpose in making this Assignment is to relinquish to Authority its right to collect and enjoy the rents, royalties, issues, profits, income, and other benefits at any time accruing by virtue of the Leases (hereinafter called “**Rents and Profits**”).

4. This Assignment is a present, absolute and unconditional assignment, subordinate to the rights of Wells Fargo Bank, National Association, a national banking association, and its successors and assigns (“**Senior Lender**”) and, immediately upon execution, gives the Authority the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the Indebtedness and other Obligations under each Note and other loan documents, as well as all other sums payable under the Deed of Trust or any other instrument given as security for the Indebtedness, subject to the rights of the Senior Lender and Permanent Lender. However, the Authority hereby grants to Borrower a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Leases, so long as there is no Default by Borrower in performance of the terms, covenants, or provisions of the Deed of Trust, any Note, or the Loan Agreement, this Assignment or any other

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loan document, after the expiration of any applicable notice and cure periods. Nothing contained herein, nor any collection of Rents and Profits by Authority or by a receiver, will be construed to make Authority a “mortgagee in possession” of the Premises so long as Authority has not entered into actual possession of the Premises.

5. Upon the occurrence of any Default or Event of Default, after the expiration of any applicable notice and cure periods, under the terms and conditions of this Assignment, each Note, the Deed of Trust, the Loan Agreement or any other loan document, this Assignment will constitute a direction and full authority to each Lessee under any Lease and each guarantor of any Lease to pay all Rents and Profits to Authority without proof of the Default relied upon. Borrower hereby irrevocably authorizes each Lessee and guarantor to rely upon and comply with any notice or demand by Authority for the payment to Authority of any Rents and Profits due or to become due.

6. Borrower represents and warrants as to each Lease now or hereafter covering all or any portion of the Premises, unless Authority has been otherwise advised in writing by Borrower:

- a. That each Lease is in full force and effect;
- b. That no material default exists on the part of the Lessee thereunder or Borrower;
- c. That no rent in excess of one month’s rent has been collected in advance;
- d. That no Lease or any interest therein has been previously assigned or pledged;
- e. That no Lessee under any Lease has any defense, setoff or counterclaim against Borrower; and
- f. That all rent due to date under each Lease has been collected and no concession has been granted to any Lessee in the form of a waiver, release, reduction, discount, or other alteration of rent due or to become due except as previously disclosed to Borrower in writing.

7. Borrower agrees with respect to each Lease:

a. If any Lease provides for a security deposit paid by the Lessee to Borrower, this Assignment transfers to Authority all of Borrower’s right, title, and interest in and to each such security deposit; provided, however, that Borrower will have the right to retain said security deposit so long as Borrower is not in Default, after the expiration of any applicable notice and cure periods, under this Assignment, the Deed of Trust, each Note, the Loan Agreement or any other Loan Document; and provided further that Authority will have no obligation to the Lessee with

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respect to such security deposit unless and until Authority comes into actual possession and control of said security deposit.

b. If any Lease provides for the abatement of rent during repair of the leased premises by reason of fire or other casualty, Borrower will furnish rental insurance to Authority, the policies to be with companies and in form, content, policy limits, and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Lease will remain in full force and effect despite any merger of the interest of Borrower and any Lessee thereunder. Except as otherwise provided in the Loan Agreement, Borrower will not terminate any Lease (except pursuant to the terms of the Lease upon a Default by any Lessee thereunder), or materially modify or amend any Lease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Authority, which consent will not be unreasonably withheld.

d. Except as otherwise provided in the Loan Agreement, Borrower will not hereafter execute any Lease, the terms and conditions of which have not been previously approved in writing by Authority, which approval will not be unreasonably withheld or delayed.

e. Borrower will not collect any Rents and Profits more than thirty (30) days in advance of the date on which they become due under the terms of any Lease, provided that Borrower may collect customary security deposits more than 30 days in advance.

f. Borrower will not discount any future accruing Rents and Profits.

g. Borrower will not consent to any assignment of any Lease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Premises), without the prior written consent of Authority, except as otherwise provided in the Loan Agreement.

h. Except as otherwise provided in the Loan Agreement, Borrower will not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

i. Borrower will not request, consent to, agree to, or accept a subordination of any Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Premises or any part thereof, or suffer or permit conversion of any Lease to a sublease, without Authority's prior written consent.

j. Borrower will faithfully perform and discharge all obligations of the lessor under each Lease, and will give prompt written notice to Authority of any notice of Borrower's

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default received from any Lessee or any other person and furnish Authority with a complete copy of said notice. Borrower will appear in and defend, at no cost to Authority, any action or proceeding arising under or in any manner connected with any Lease. If requested by Authority, Borrower will enforce each Lease and all remedies available to Borrower against the Lessee in the case of default under the Lease by the Lessee.

k. Except as otherwise provided in the Loan Agreement, Borrower will give Authority written annual reports of all Leases entered into during the previous year, and will promptly upon request of Authority provide to Authority a true and correct copy of each executed Lease. All Leases entered into by Borrower will be deemed included in this Assignment as though originally listed herein. At Authority's option, such reports may be recorded in the Official Records of Los Angeles County, California, which report will refer to this Assignment.

l. Except as otherwise provided in the Loan Agreement, at Authority's option, Borrower will not hire, retain, or contract with any third party for property management services with respect to the Premises, without the prior written approval of Authority of such party and the terms of its contract for management services.

m. Nothing herein will be construed to impose any liability or obligation on Authority under or with respect to any Lease. Borrower will indemnify, defend, and hold Authority, its officers, directors, agents, employees, and representatives (the Indemnitees) harmless from and against any and all liabilities, losses, and damages that any Indemnitee may incur under any Lease or by reason of this Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Authority under any Lease or this Agreement, unless any of the foregoing arises from or results from the gross negligence or willful misconduct of any Indemnitee. Should any Indemnitee incur any liability, loss, or damage under any Lease or by reason of this Assignment and such liability, loss, or damage falls within the foregoing indemnification, Borrower will immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees (based on itemized invoices for time and charges) and court costs incurred by such Indemnitee. All of the foregoing sums will bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Authority may be applied by Authority, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense, or fees.

8. Subject to the rights of Senior Lender, Borrower hereby grants to Authority the following rights:

a. Upon an Event of Default as defined in the Loan Agreement, Authority will be deemed to be the creditor of each Lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership,

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or other debtor relief proceedings affecting such Lessee, without obligation on the part of Authority, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Authority will have the right to assign Borrower's right, title, and interest in the Leases to any subsequent holder of the Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent Authority will have all the rights and powers herein provided to Authority.

c. Authority will have the right (but not the obligation), upon any Event of Default under the Deed of Trust or the Loan Agreement, to take any action as Authority may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of the lessor under any Lease; and Borrower agrees to pay, on demand, all costs and expenses, including without limitation reasonable attorneys' fees and court costs incurred by Authority in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum.

d. Upon any Default under this Assignment, the Deed of Trust, any Note, the Loan Agreement, or any other loan document (subject to any notice and cure provisions), and without notice to or consent of Borrower, Authority will have the following rights (none of which will be construed to be obligations of Authority):

i. Authority will have the right under this Assignment to use and possess, without rental or charge, the Fixtures, Equipment, and Personal Property of the Borrower located in or on the Premises and used in the operation or occupancy thereof. Authority will have the right to apply any of the Rents and Profits to pay installments due for Personal Property rented or purchased on credit, insurance premiums on Personal Property, or other charges relating to Personal Property in or on the Premises. However, this Assignment will not make Authority responsible for the control, care, management, or repair of the Premises or any Personal Property or for the carrying out of any of the terms or provisions of any Lease.

ii. Authority will have the right to apply the Rents and Profits and any sums recovered by Authority hereunder to the outstanding Indebtedness, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Premises.

iii. Authority will have the right to take possession of the Premises, manage and operate the Premises and Borrower's business thereon, and to take possession of and use all books of account and financial records of Borrower and its property managers or representatives relating to the Premises.

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iv. Authority will have the right to execute new Leases of any part of the Premises, including Leases that extend beyond the term of the Deed of Trust.

v. Authority will have the right to cancel or alter any existing Leases.

vi. Authority will have the irrevocable authority, as Borrower's attorney-in-fact, such authority being coupled with an interest, to sign the name of Borrower and to bind Borrower on all papers and documents relating to the operation, leasing and maintenance of the Premises.

e. All of the foregoing rights and remedies of Authority are cumulative, and Authority will also have upon the occurrence of any such Default or Event of Default all other rights and remedies provided under each Note, the Loan Agreement, the Deed of Trust, or any other loan document or other agreement between Borrower and Authority or between Borrower and Authority, or otherwise available at law or in equity or by statute subject to the nonrecourse clause set forth in each Note.

9. Failure of Authority to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason will not constitute a waiver thereof.

10. Notwithstanding any future modification of the terms of any Note, the Deed of Trust, the Loan Agreement, or any other loan document, this Assignment and the rights and benefits hereby assigned and granted will continue in favor of Authority in accordance with the terms of this Assignment.

11. This Assignment will be binding upon and inure to the benefit of the respective heirs, legal representatives, successors, and assigns of the parties hereto (including without limitation in the case of Authority, any third parties now or hereafter acquiring any interest in the Indebtedness or other obligations of Borrower under each Note or Deed of Trust or a part thereof, whether by virtue of assignment, participation, or otherwise). The words Borrower, Authority, and Lessee, wherever used herein, will include the persons and entities named herein or in any Lease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Authority or any successor, designated as such by an instrument recorded in the Official Records of Los Angeles County, California, referring to this Assignment, will be sufficient for all purposes notwithstanding that Authority may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases will be taken to include the singular or plural number, and the masculine, feminine, or neuter gender, as may fit the case.

12. Any change, amendment, modification, abridgment, cancellation, or discharge of this Assignment or any term or provision hereof will be invalid without the written consent of Authority.

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Assignment of Rents

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13. Upon payment to Authority of the full amount of the Indebtedness and other obligations secured hereby and by each Note and Deed of Trust, as evidenced by a recorded satisfaction or release of the Deed of Trust, this Assignment will be void and of no further effect.

14. All notices, demands, approvals, and other communications provided for in the Loan Documents will be in writing and be delivered by telegraph, cable, overnight air courier, personal delivery, or registered or certified U.S. mail, postage prepaid with return receipt requested to the appropriate party at its address as follows:

If to Borrower:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
Facsimile: 213-225-2709

If to Authority:

Glendale Housing Authority
141 N. Glendale Avenue, Room 202
Glendale, California 91206
Attn: Executive Director
Facsimile: 818-548-3724

Addresses for notice may be changed from time to time by written notice to all other parties. Any communications given by telegram or cable must be confirmed within forty-eight (48) hours by overnight air courier or mail in the manner hereinbefore described. If any communication is given by mail in the manner hereinabove described, it will be effective upon the earlier of (a) three (3) days after deposit in a post office or other official depository under the care and custody of the United States Postal Service, or (b) actual receipt, as indicated by the return receipt; if given by telegraph or cable, when delivered to the telegraph company with charges prepaid; and if given by personal delivery, or by overnight air courier, when delivered to the appropriate address set forth above.

15. This Assignment may be recorded in the Official Records of Los Angeles County, California, and Borrower will pay all fees, charges, costs, and expenses of such recording.

16. If any provision hereof is determined to be illegal or unenforceable for any reason, the remaining provisions hereof will not be affected thereby.

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17. This Assignment will be governed by and construed in accordance with the laws of the State of California.

18. If Authority should bring any action to enforce its rights hereunder at law or at equity, Borrower will reimburse Authority for all reasonable attorneys' fees and costs expended in connection therewith.

[Remainder of Page Intentionally Left Blank; Signatures on Following Pages]

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05.16.22

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Assignment of Rents
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IN WITNESS WHEREOF, the undersigned Borrower has executed this Assignment as of the date first above written.

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

By: _____

Lara Regus
Senior Vice President

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

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, _____,
a Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF 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)

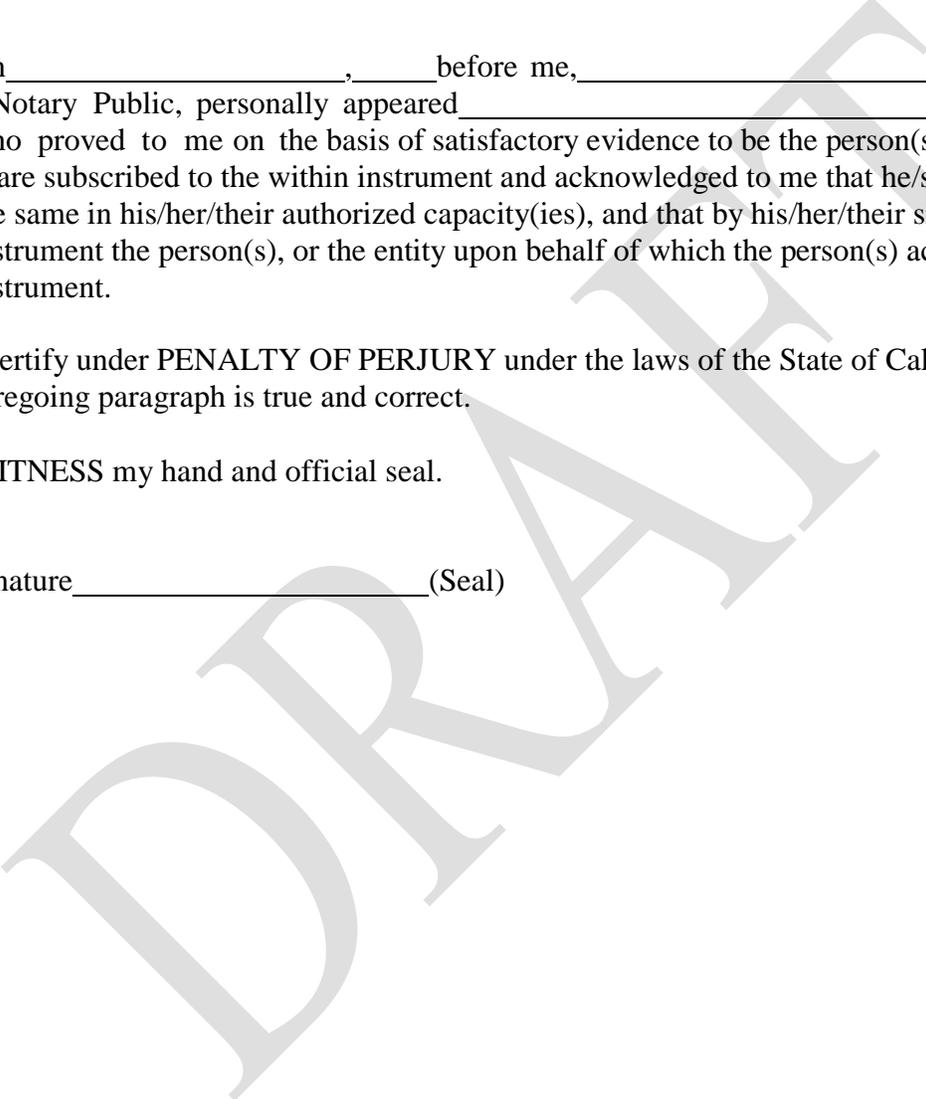


EXHIBIT "A"
TO ASSIGNMENT OF RENTS AND LEASES

LEGAL DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

ASSIGNMENT OF AGREEMENTS

FOR VALUE RECEIVED, the undersigned, HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), assigns to the HOUSING AUTHORITY OF THE CITY OF GLENDALE (“**Authority**”), all of its rights, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, “**Architectural Agreements**”); and
2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively “**Plans and Specifications**”)

heretofore or hereafter into or prepared by any architect, engineer or other person or entity (collectively “**Architect**”), for or on behalf of Borrower in connection with the construction of the Improvements. The Plans and Specifications, as of the date hereof, include the entitlement package prepared by KFA, LLP and those further Plans and Specifications which Borrower has heretofore, or will hereafter deliver to Authority. The Architectural Agreements include, but are not limited to, the architectural contract between Borrower and Omgivning, located at 724 S. Spring Street, Suite 501, Los Angeles, CA 90014.

This ASSIGNMENT OF AGREEMENTS AND PLANS AND SPECIFICATION (“**Assignment**”) constitutes a present and absolute assignment to Authority as of the Effective Date, subordinate to the rights of Wells Fargo Bank, National Association, a national banking association (together with its successors and/or assigns, “**Senior Lender**”); provided, however, Authority confers upon Borrower the right to enforce the terms of the Architectural Agreements and Borrower’s rights to the Plans and Specifications so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred and is continuing under the Affordable Housing Agreement dated as of May 24, 2022, between Authority and Borrower (the “**Affordable Housing Agreement**”), as well as any amendments and implementation agreements. Capitalized terms not otherwise defined herein have the meaning set forth in the Affordable Housing Agreement. Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under the Affordable Housing Agreement, Authority may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Borrower under the Architect Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Borrower acknowledges that by accepting this Assignment, Authority does not assume any of Borrower’s obligations under the Architectural Agreements or with respect to the Plans and Specifications.

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Assignment of Agreements

Page 1

Borrower represents and warrants to Authority, as of the Effective Date, that: (a) all Architectural Agreements entered into by Borrower are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements; (b) all copies of the Architectural Agreements and Plans and Specifications delivered to Authority are complete and correct; and (c) Borrower has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Borrower agrees: (a) to pay and perform all obligations of Borrower under the Architectural Agreements; (b) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements; (c) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Authority's prior written approval except as otherwise may be permitted in the Affordable Housing Agreement; and (d) not to further assign (other than assignment in connection with a loan from the Senior Lender), for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications with Authority's prior written consent.

This Assignment secures performance by Borrower of all obligations of Borrower under the Affordable Housing Agreement. This Assignment is supplemented by the provisions of the Affordable Housing Agreement and said provisions are incorporated herein by reference.

This Assignment will be governed by the laws of the State of California, without reference to the principles governing conflicts of laws, and Borrower consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action will be entitled, in addition to any other recovery, to reasonable attorney's fees and costs.

This Assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Borrower and Authority; provided, however, this will not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the Affordable Housing Agreement.

The attached Architect's Consent, Schedule 1, and Exhibit A are incorporated by reference.

[SIGNATURES ON FOLLOWING PAGES]

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Assignment of Agreements

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BORROWER:

HARROWER VILLAGE, L.P.,
a California limited partnership

by: Harrower Village GP, LLC,
a California limited liability company,
its general partner

by: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

912 and 920 East Broadway & 117 S. Belmont Street
Assignment of Agreements

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ARCHITECT'S CONSENT

The undersigned architect (“**Architect**”) hereby consents to the foregoing Assignment to which this Architect’s Consent (“**Consent**”) is part, and acknowledges that there presently exists no unpaid claims due to the Architect except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Borrower and/or the performance of the Architect’s obligations under the Assignment.

Architect agrees that if, at any time, Authority will become the owner of said Property, or, pursuant to its rights under the Affordable Housing Agreement, elects to undertake or cause the completion of construction of the Improvements on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect written notice of such election; THEN, so long as Architect has received, receives or continues to receive the compensation called for under the Agreements, Authority may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect will continue to perform its obligations under the Agreements for the benefit and account of Authority in the same manner as if performed for the benefit or account of Borrower in the absence of the Assignment.

Architect further agrees that, in the event of a breach by Borrower of the Agreements, or any agreement entered into with Architect in connection with the Plans and Specifications, so long as Borrower’s interest in the Agreements and Plans and Specifications is assigned to Authority, Architect will give written notice to Authority of such breach at the address shown below. Authority will have thirty (30) days from the receipt of such written notice of default to remedy or cure said default. Nothing herein will require Authority to cure said default or to undertake completion of construction of the Improvements.

[Architect’s Signature on Following Page]

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Assignment of Agreements
Architect’s Consent

Architect warrants and represents that it/he/she has no knowledge of any prior assignment(s) of any interest in the Plans and Specifications and/or the Agreements. Except as otherwise defined herein, the terms used herein will have the meanings given them in the Assignment.

Executed as of _____, 2022.

OMGIVNING

By: _____

Name: _____

Title: _____

724 S. SPRING STREET, SUITE 501
LOS ANGELES, CA 90014

Authority's Address:

HOUSING AUTHORITY OF THE
CITY OF GLENDALE
141 North Glendale Avenue, Suite 202
Glendale, California 91206
Attn: Executive Director

912 and 920 East Broadway & 117 S. Belmont Street
Assignment of Agreements
Architect's Consent

SCHEDULE OF UNPAID CLAIMS

Schedule 1 to Assignment of Architectural Agreements and Plans and Specifications dated as of _____, 2022 between HARROWER VILLAGE, L.P. as Borrower, and HOUSING AUTHORITY OF THE CITY OF GLENDALE, as Authority.

List Claims: None

DRAFT

EXHIBIT A

PROPERTY DESCRIPTION

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (“**Indemnity**”), dated as of _____, 2022, made by HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), in favor of the HOUSING AUTHORITY OF THE CITY OF GLENDALE, a public body corporate and politic (“**Authority**”).

WITNESSETH

WHEREAS, Borrower is the owner of a leasehold interest in the real property in the City of Glendale, as more particularly described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon (collectively referred to as the “**Property**”);

WHEREAS, Borrower and the Authority, entered into that certain Affordable Housing Agreement, dated as of May 24, 2022 (“**Affordable Housing Agreement**”), pursuant to which the Authority agreed to make three loans to Borrower in the original principal amounts of FIVE HUNDRED FORTY-THREE THOUSAND DOLLARS (\$543,000) (“**LMIHAF Loan**”), EIGHT MILLION THREE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS (\$8,357,000) (“**Measure S Loan**”), and ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) (“**HOME Loan**”), and, together with the LMIHAF Loan and the Measure S Loan, collectively referred to herein as the “**Authority Loans**”, to provide part of the financing for the acquisition, development, rehabilitation, and operation of a 40-unit housing project thereon (the Affordable Housing Agreement and the documents and instruments referred to therein which are being executed by Borrower concurrently herewith are referred to collectively as the “**Loan Documents**”);

WHEREAS, Borrower has agreed to execute and deliver to the Authority this Indemnity to induce the Authority to make the Authority Loans.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees with the Authority as follows:

Section 1. DEFINITIONS

For the purpose of this Indemnity, “Hazardous Materials” or “Hazardous Substances” will include, but not be limited to, substances defined as “extremely hazardous substances,” “hazardous substances,” “hazardous materials,” “hazardous waste” or “toxic substances” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; and those substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code, as “infectious waste” in Section 25117.5 of the California Health and Safety Code, or as “hazardous substances” in Section 25316 of the California Health and Safety Code or 05.16.22

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“hazardous materials” as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. Other capitalized terms used in this Indemnity will have the meanings ascribed to them in the Affordable Housing Agreement with the same force and effect as if set forth in full below.

Section 2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it will comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Borrower covenants that the Property will not, while Borrower is the owner thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for de minimis quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) Borrower further agrees that Borrower will not release or dispose of any Hazardous Materials at the Property without the express written approval of the Authority and that any such release or disposal will be effected in strict compliance with all applicable laws and all conditions, if any, established by the Authority.

(d) The Authority will have the right, at any time, to conduct an environmental audit of the Property at the Authority’s expense, unless Hazardous Materials are found, then at Borrower’s sole cost and expense, and Borrower will cause Borrower to cooperate in the conduct of any such environmental audit but in no event will such audit be conducted unless the Authority believes that such audit is warranted. Other than in an emergency, such audit will be conducted only after reasonable prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower will give the Authority and its agents and employees access to the Property at all reasonable times to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Borrower will not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Borrower will promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state

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regulations, at Borrower's sole cost and expense. If Borrower will fail to so do within the cure period permitted under applicable law, regulation, or order, the Authority may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof will be added to the Obligations (as hereinafter defined) of Borrower under this Section 2.

(f) Borrower will immediately advise the Authority in writing of any of the following: (i) any pending or threatened environmental claim against Borrower or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Borrower with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Borrower.

2.2 Indemnity. Borrower will indemnify, protect, and hold the Authority harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, reasonable attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the Obligations) which may at any time be imposed upon, incurred by or asserted or awarded against the Authority and arising from or out of:

- (a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property or any surrounding areas;
- (b) The breach of any covenant made by Borrower in Section 2.1 hereof; or
- (c) The enforcement by the Authority of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder.

Subject to the qualifications set forth in Section 2.3, below, Borrower will be liable for payment and performance of the Obligations to the full extent (but only to the extent) of the property and assets (including the Property) which constitute security for such Obligations. If default occurs in the timely and proper payment and performance of any such Obligations (after notice and reasonable opportunity to cure), any judicial proceedings brought by the Authority against Borrower will be limited to the protection and preservation of the Property, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing such Obligations and enforcement and collection of such Obligations for which Borrower remains directly liable as provided in this Section. If there is a foreclosure of any such liens, mortgages, assignments, rights and security interests by power of sale or otherwise, no personal judgment for any deficiency thereon will be sought or obtained by the Authority against Borrower, or its officers, directors, agents, attorneys, servants or employees. In no event shall Borrower be liable for any Obligations resulting exclusively from the gross negligence and/or willful misconduct of the Authority. Notwithstanding the foregoing, Developer shall have no obligation

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to indemnify the Authority and its officers, agents, employees, contractors and attorneys for loss, liability, claims, and damages, and expenses arising from Developer's mere discovery of Hazardous Substances already present on the Site prior to the commencement of this Agreement, so long as Developer has not contributed to the placement, releases, or migration of such pre-existing Hazardous Substances.

2.3 Exceptions to Non-Recourse Liability. Notwithstanding the foregoing provisions of Section 2.2 or any other agreements,

(a) the Authority may proceed against any other person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and

(b) The Authority may recover personally from any person or entity other than Borrower's Managing General Partner and Limited Partners:

(1) any damages, costs and expenses incurred by the Authority as a result of the negligence of such person or entity, involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials by such person or entity or by others; provided, however, that neither Borrower nor any officer, partner, agent, attorney, servant or employee of Borrower will have any personal liability if the act or omission complained of was performed in good faith and was not reckless, wanton, intentional or grossly negligent;

(2) any damages, costs and expenses incurred by Authority as a result of fraud or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee of Borrower, or of any general or limited partner of Borrower; and

(3) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Authority will pay Borrower's reasonable court costs and attorneys' fees if Borrower is the prevailing party in any such enforcement or collection action).

Section 3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the Loan Documents or affecting any of the rights of the Authority with respect thereto. The obligations of Borrower hereunder will be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the Loan Documents or any other instrument or document executed or delivered in connection therewith;

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- (b) Any alteration, amendment, modification, release, termination, or cancellation of any of the Loan Documents, or any change in the time, manner, or place of payment of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the Loan Documents;
- (c) Any extension of the maturity of the Authority Loans or any waiver of, or consent to any departure from, any provision contained in any of the Loan Documents;
- (d) Any exculpatory provision in any of the Loan Documents limiting the Authority's recourse to property encumbered by the Deed of Trust securing the Authority Loans, or to any other security, or limiting the Authority's rights to a deficiency judgment against Borrower;
- (e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Authority Loans, or any release, amendment, waiver of, or consent to any departure from any provision of, any other Borrower or guarantee given in respect of the Authority Loans;
- (f) The insolvency or bankruptcy of Borrower, Borrower, or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Authority Loans; or
- (g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower, Borrower, or any other indemnitor or guarantor with respect to the Authority Loans or any or all of the Obligations.

3.2 Continuation. This Indemnity (a) is a continuing indemnity and will remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Authority Loans or the release or other extinguishment of any security for the Authority Loans); and (b) will continue to be effective or will be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Authority upon the insolvency, bankruptcy, or reorganization of Borrower, Borrower or otherwise, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Borrower's obligations under the Loan Documents, this Indemnity will not terminate if any of the following will have occurred:

- (a) The Authority has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof,

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whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

Section 4. WAIVER

Borrower hereby waives the following:

- (a) Promptness and diligence;
- (b) Notice of acceptance and notice of the incurrence of any obligation by Borrower;
- (c) Notice of any action taken by the Authority, Borrower, or any other interested party under any Loan Document or under any other agreement or instrument relating thereto;
- (d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;
- (e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;
- (f) Any requirement that the Authority protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto;
- (g) Any requirement that the Authority exhaust any right or take any action against Borrower or any other person or collateral; and
- (h) Any defense that may arise by reason of:
 - (1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;
 - (2) The failure of the Authority to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

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(3) Any defense based upon an election of remedies by the Authority, including, without limitation, an election to proceed by nonjudicial foreclosure or which destroys or otherwise impairs the subrogation rights of the Authority or any other right of the Authority to proceed against Borrower.

Section 5. NOTICES

Any notice, demand, statement, request, or consent made hereunder will be in writing and will be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return receipt requested to the address set forth above, of the party to whom such notice is to be given (or to such other address as the parties hereto, will designate in writing):

In the case of the Authority:

The Housing Authority of the City of Glendale
141 N. Glendale Avenue, Room 202
Glendale, California 91206
Attn: Executive Director
Facsimile: 818-548-3724

In the case of Borrower:

Harrower Village, L.P.
c/o Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, California 90015
Attn: Lara Regus
Facsimile: 213-225-2709

With a copy to Investor Limited Partner at:

Enterprise Housing Credit Investments, LLC
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Reagan Maechling

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Any notice that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, will be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), will be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required will be deemed received on the date of receipt thereof.

Section 6. MISCELLANEOUS

6.1 Borrower will make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to the Authority at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity will be effective unless it is in writing and signed by Borrower and the Authority, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, will be effective unless it is in writing and signed by the Authority, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of the Authority to exercise, and no delay in exercising, any right hereunder or under any other Loan Document will operate as a waiver thereof, nor will any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Authority provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Authority under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Authority to exercise any of its rights under any other Loan Document against such party or against any other person or collateral.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity will (a) be binding upon Borrower, and Borrower’s successors and assigns; and (b) inure, together with all rights and remedies of the Authority hereunder, to the benefit of the Authority, its respective directors, officers, employees, and agents, any successors to the Authority’s interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of the Authority’s rights and remedies under the Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, the Authority may, subject to, and in accordance with, the provisions of the Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Loan Document, to any other person, and such other person

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will thereupon become vested with all of the rights and obligations in respect thereof that were granted to the Authority herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of the Authority.

6.6 Borrower hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum non convenient or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Borrower agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and will in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity will be governed by, and construed and interpreted in accordance with, the laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

6.9 This Indemnity may be executed in any number of counterparts, each of which will constitute an original and all of which together will constitute one agreement.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date first set forth above.

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

Exhibit A

to Environmental Indemnity

LEGAL DESCRIPTION

Real Property in the City of Glendale, County of Los Angeles, State of California, described as follows:

A leasehold interest created by that certain Ground Lease between the Housing Authority of the City of Glendale and HARROWER VILLAGE, L.P., a California limited partnership, dated as of _____, 2022 in the real property described as follows:

LOTS 1, 2, 3, 4 AND 5 OF THE MAX MUIR TRACT, IN THE CITY OF GLENDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10 PAGE 102 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 20 FEET OF LOTS 1, 2 AND 3 CONDEMNED BY THE CITY GLENDALE FOR STREET PURPOSES.

APN: 5674-010-901

DISBURSEMENT AGREEMENT
(912 and 920 East Broadway & 117 S. Belmont Street)

THIS DISBURSEMENT AGREEMENT is entered into by and among the HOUSING AUTHORITY OF THE CITY OF GLENDALE (“**Authority**”), HARROWER VILLAGE, L.P., a California limited partnership (“**Borrower**”), and WELLS FARGO, NATIONAL ASSOCIATION, (“**Construction Lender**”), as of _____, 2022.

R E C I T A L S

A. Authority and Borrower have heretofore entered into that certain Affordable Housing Agreement dated as of May 24, 2022 (“**Affordable Housing Agreement**”), relating to the real property described in Attachment No. 2 to the Affordable Housing Agreement (the “**Property**”). Terms not defined herein will have the meaning given to them in the Affordable Housing Agreement.

B. In accordance with the Affordable Housing Agreement, Borrower intends to rehabilitate and construct a multifamily rental development consisting of 40 total dwelling units (the “**Units**”) and ancillary facilities, as described in the Scope of Development attached to the Affordable Housing Agreement as Attachment No. 4 (the “**Project**”). Thirty-nine (39) of the Units will be rented to and occupied by Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households. The costs of acquiring the Property and developing the Project (the “**Costs**”) are set forth in the Project Budget approved by the Authority and Construction Lender as the final project budget, which is attached to this Agreement as Exhibit “A” and incorporated herein by this reference (the “**Project Budget**”). The Project Budget will be subject to amendment from time to time, subject to prior written approval by the Construction Lender and the Authority Executive Director or designee, to the extent applicable, upon which approval the Project Budget will be replaced by the approved revised Project Budget.

C. Pursuant to the Affordable Housing Agreement, the Authority has agreed to make three loans to Borrower in the original principal amounts of \$543,000 (“**LMIHAF Loan**”), \$8,357,000 (“**Measure S Loan**”), and \$1,800,000 (“**HOME LOAN**”), (collectively referred to as the “**Authority Loans**” and the “**Authority Funds**”) to be used to finance a portion of the Costs. The Affordable Housing Agreement, the promissory notes evidencing the Authority Loans, the deed of trust securing the Authority Loans, an Agreement Containing Covenants, and an Agreement Containing HOME Program Requirements, each dated on or around the date hereof, and other instruments referred to in the Affordable Housing Agreement, are sometimes referred to collectively as the “**Authority Loan Documents**.”

D. Construction Lender and Borrower have entered into that certain Construction Loan Agreement dated on or around the date hereof (“**Construction Loan Agreement**”), pursuant to which Construction Lender has agreed to lend Borrower funds in the amount of approximately \$15,791,380 (variously referred to as the “**Construction Loan**” and the “**Construction Lender Funds**”) to finance a portion of the Costs. The Construction Loan Agreement, the promissory note

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evidencing the Construction Loan, the deed of trust securing the Construction Loan and other instruments referred to in the Construction Loan Agreement are sometimes referred to collectively as the “**Construction Loan Documents.**”

E. In addition, Borrower has agreed to provide at least \$1,987,754 in Borrower’s funds during the construction period, as set forth in subsection 1.a. below, (“**Borrower’s Funds**”), to pay that portion of the Costs in excess of the sum of the Authority Funds and the Construction Lender Funds.

F. The Authority Funds, Construction Lender Funds, and Borrower’s Funds are referred to collectively as the “**Project Funds.**” The Authority and Construction Lender are referred to collectively as the “**Lenders**” or individually as a “**Lender**”.

G. The Lenders and Borrower desire to enter into this Disbursement Agreement solely to provide for the disbursement of the Project Funds for approved Costs and to provide for cooperation among the Lenders.

NOW, THEREFORE, the parties agree as follows:

1. Deposit and Use of Funds.

a. Borrower’s Account. The Borrower’s Funds consist of the following:

- (1) Borrower will be responsible, during the construction period, to provide funds if and as needed to pay for cost overruns and contingencies not otherwise funded by other sources of construction financing, in accordance with the requirements and procedures of the Construction Loan Documents;
- (2) In addition, Borrower will defer \$1,128,232 of the Developer Fee set forth in the Project Budget, \$214,354 of which will be paid at construction completion, \$707,367 of which will be paid at Conversion, \$150,048 to be paid upon receipt of 8609s, and any balance to be paid from the Revenue of the Project remaining after payment of operating expenses and debt service but prior to any payment of Residual Receipts to the Authority.
- (3) In addition, Borrower’s Investor Limited Partner will disburse advances and capital contributions prior to conversion in the approximate amount of \$915,986.
- (4) In addition, Borrower will defer to Conversion the payment of other Costs, consisting of the capitalization of the Operating Reserve and payment of permanent financing costs, in the approximate amount of \$1,297,964.

b. Except to the extent Borrower’s Funds have been spent on Costs prior to the Construction Financing Event, or as otherwise agreed to between the Authority and

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Construction Lender, Borrower will deposit Borrower's Funds (except for the deferred Developer Fee and Costs deferred until Conversion), into a fully segregated disbursement account held by the Construction Lender (the "**Borrower's Account**"), at such times as the amounts are payable by the Investor Limited Partner pursuant to the Partnership Agreement.

2. Loan Balancing.

- a. If either of the Lenders reasonably determines, from time-to-time, that the combined amounts of the Authority Funds, Construction Lender Funds, and Borrower's Funds, as set forth in the attached Project Budget, are insufficient to pay all Costs at Completion, plus payment of increased costs due to change orders, cost overruns or otherwise, which have not been funded by Borrower, then, upon fifteen (15) days' advance notice from such Lender ("**Balancing Call**"), Borrower will deposit into the Borrower's Account held by the Construction Lender such additional Borrower's Funds as may be necessary to pay all such obligations.
- b. If Borrower fails to deposit such additional Borrower's Funds into the Borrower's Account, the Lenders, subject to the terms of applicable subordination agreements, will each have the right (but not the obligation) to exercise all rights and remedies, including, without limitation, to declare a default, to commence judicial and non-judicial foreclosure actions, to seek the appointment of a receiver or to advance additional money to pay such additional costs as such Lender may deem necessary to protect its collateral and complete construction of the Project. Additional amounts advanced by a Lender to pay such costs will (to the extent such costs constitute Approved Costs, as hereinafter defined) be added to the stated loan amount of the applicable Loan.
- c. To the extent funds from Borrower's Account or any other Borrower Funds are used to pay such obligations, such funds will be disbursed in accordance with the terms of the Construction Loan Documents, before any further disbursement of the Authority Funds and the Construction Lender Funds.
- d. As used in this Disbursement Agreement, the term "**Approved Costs**" will mean all hard and soft cost line items (and modifications thereto), which were approved or deemed approved by the Authority and Construction Lender pursuant to this Disbursement Agreement and which are needed for the completion of the Project.

3. Amendments to Project Budget.

- a. Subject to the terms and provisions of this Disbursement Agreement, the Authority Loan Documents, and the Construction Loan Documents, certain change orders or Project Budget amendments (collectively referred to as a "**Revision**") will require the approval of the Authority and the Construction Lender. The Authority will be deemed to have approved a requested Revision for which Construction Lender's

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approval is not required under the terms of the Construction Loan Agreement, or which has been approved by the Construction Lender, if, within five (5) business days after receipt of the request for Revision, the Authority receives such explanation and/or back-up information as was received and relied upon by the Construction Lender in connection with its approval of the Revision, and if the following conditions are satisfied:

- (1) To the extent the Revision is limited to a reallocation of budgeted funds among Project Budget line items without any increase in the total Project Budget, (a) the amount of the Revision does not exceed \$100,000, (b) the funds in the line item(s) to be reduced remain sufficient for completion of the Project, and (c) the requested increase in one or more line item(s) is to be used to pay Approved Costs.
- (2) To the extent the Revision involves an increase in the total Costs, (a) additional funds in an amount equal to the increase in the total Costs will be provided by Borrower or a Lender pursuant to the Loan Balancing procedure described in Section 2, above, and (b) the requested increase in the total Costs is to be used to pay Approved Costs.
- (3) The Revision will not shorten the useful life of the Project or any element of the Project or impair the functionality of any system or component of the Project.
- (4) The Revision will not reduce the quality or functionality of the fixtures, finishes, furnishings, window materials, doors, hardware or appliances in the residential units or the common use facilities.
- (5) The Revision will not change the interior layout of any of the residential units.

4. Lender Funds.

- a. Authority Funds. The Authority Funds will be held by the Authority as the Authority will determine, to be disbursed as provided in this Disbursement Agreement. The Authority Funds are not pledged to the Construction Lender or any other lender, nor will they constitute security for the Construction Loan or any other loan.
- b. Construction Lender Funds. The Construction Lender Funds will be deposited and held by the Construction Lender as the Construction Lender will determine, to be disbursed as provided in the Construction Loan Agreement. The Construction Lender Funds are not pledged to the Authority or any other lender, nor will they constitute security for the Authority Loans or any other loan.

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5. Use of Funds to Pay Costs.

a. Intentionally Omitted.

b. Approved Costs. The Authority Funds, Construction Lender Funds, and the Borrower's Funds will be used exclusively for the payment of, or reimbursement for, the Costs shown in the Project Budget, as the same may be amended from time to time with the written approval of the Construction Lender and the written approval or deemed approval of the Authority (subject to paragraph c. of this Section 5). Payment of, or reimbursement for, Approved Costs will be made only after they have been incurred by the Borrower.

c. Budget Amendments: Construction Lender's Right to Disburse Funds without Authority Approval. Notwithstanding any provision of this Disbursement Agreement requiring approval by the Authority of amendments to the Project Budget, the Construction Lender will have the right, without Authority approval, to disburse Borrower's Funds and Construction Lender Funds (as applicable) to pay interest on the Construction Loan and costs of the Project, whether or not Authority has approved such amendment. The parties acknowledge and agree that the Project Budget attached to this Disbursement Agreement is approved as of the date hereof.

6. Application for Payments.

a. Applications for Payment. Disbursements of Project Funds will be made upon submission of a written itemized statement or draw request in a form that is mutually acceptable to the Lenders (the "**Application for Payment**"), subject to the conditions set forth below. Each Application for Payment will include a representation by Borrower that it has obtained the approval of the Investor Limited Partner, to the extent such approval is required by the Partnership Agreement. The term "disbursement" will include, without limitation, disbursement of the Authority Funds, Borrower's Funds that have been delivered to Construction Lender as "Borrower's Funds," Borrower's prior expenditures of Borrower's Funds and Construction Lender Funds. Applications for Payment may be submitted not more frequently than once monthly. Each Lender will determine whether or not the conditions precedent to its obligation to advance its funds have been satisfied or whether or not to waive a condition precedent to such obligation to advance its loan.

b. Order of Disbursement. Each Lender and the Borrower will disburse its respective Project Funds as follows:

- (1) First, the Authority will be deemed to have disbursed \$7,200,000 of the Measure S Loan at the Construction Financing Event to pay the fully capitalized value of Borrower's ground rent under the Lease.

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- (2) Second, approximately \$1,773,400 of the Borrower's Funds will be disbursed to pay Approved Costs.
- (3) Third, the Authority will disburse the following:
 - (i) \$1,041,300 (consisting of the \$1,157,000 balance of the Measure S Loan after the disbursement described in paragraph (1), less the hold-back of ten percent (10%) described in paragraph (4) below),
 - (ii) \$488,700 (consisting of the \$543,000 LMIHAF Loan less the hold-back of ten percent (10%) described in paragraph (4) below), and
 - (iii) \$1,620,000 (consisting of the \$1,800,000 HOME Loan less the hold-back of ten percent (10%) described in paragraph (7) below).

The Measure S Loan disbursements, the LMIHAF Loan disbursements, and the HOME Loan disbursements will each be made *pari passu* and *pro rata* with Construction Lender's disbursement of the Construction Loan, or on such other basis requested by Borrower as the Authority Executive Director reasonably determines protects the Authority's investment of funds in the Project and ensures the completion of construction of the Improvements.

- (4) The Authority will hold back ten percent (10%) of disbursements of the \$1,157,000 portion of the remaining Measure S Loan referenced in paragraph (3), which will be disbursed to Borrower to pay Approved Costs as set forth in Section 8 below.
- (5) The Authority will hold back ten percent (10%) of disbursements of the \$543,000 LMIHAF Loan, which will be disbursed to Borrower to pay Approved Costs as set forth in Section 8 below.
- (6) The Authority will hold back ten percent (10%) of disbursements of the \$1,800,000 HOME Loan, which will be disbursed to Borrower to pay Approved Costs as set forth in Section 8 below.
- (7) Disbursement of the Construction Loan will be subject to such retention as may be provided for in the Construction Loan Agreement. The Construction Loan retention will be disbursed when and as required by the Construction Loan Agreement. The Construction Lender will disburse to itself, from principal of the Construction Loan, on a monthly basis, an amount equal to interest accrued on the outstanding principal of the Construction Loan during the previous month, and each amount so disbursed will reduce the undisbursed balance of the Construction Loan for purposes of calculation of the proportionate disbursement with the Measure S Loan, the LMIHAF Loan, and the HOME Loan.

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- c. Contents of Application for Payment. Subject to any additional requirements of the Construction Lender (which will not, in any event, apply to the disbursement of Authority Funds), each Application for Payment will set forth: (1) a description of the work performed, material supplied and/or Costs incurred or due for which disbursement is requested with respect to any Costs shown as a line item (“**Item**”) in the Project Budget; (2) the total amount incurred, expended and/or due for each requested Item, less prior disbursements; and (3) the percentage of completion of the portion of the work to be paid from the Item. The Authority hereby consents to the use of the form of Application for Payment attached to the Construction Loan Agreement for draw requests.
- d. Delivery of Applications for Payment. Borrower will deliver copies of each Application for Payment concurrently to each of the Lenders. Each Application for Payment will be subject to the approval of the Lenders, with respect to their respective loans, in accordance with this Disbursement Agreement, and, if prevailing wage requirements are applicable, will be subject to review and approval by the Authority’s prevailing wage consultant, if needed to determine compliance with applicable state and federal prevailing wage requirements.
- e. Documentation. Each Application for Payment will be accompanied by the following: (i) change order(s) to the general contract, if any, (ii) copies of paid invoices and (except for the first Application for Payment) unconditional lien releases for construction costs paid with the proceeds of the prior Application for Payment, and (iii) conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the instant Application for Payment, which invoices and lien releases will be considered a part of each Application for Payment. Where Borrower is requesting Project Funds for Costs other than general contract payments, Borrower will attach to the Application for Payment copies of invoices or such other appropriate documentation to evidence, document, justify and support the request, which will be an amount within the amount of the applicable line item in the Project Budget. Lenders may require Borrower to separate lien waivers and hard cost invoices from the other materials provided with Applications for Payment. Each Application for Payment submitted to the Authority will be accompanied by documentation satisfactory to the Authority to demonstrate Borrower’s compliance with applicable prevailing wage requirements.
- f. Submittal of Inspection Report to Authority. Immediately after each disbursement pursuant to an Application for Payment, the Construction Lender will transmit to the Authority a copy of its inspection report or other documentation indicating the determination by Construction Lender’s inspector of the percentage of work completed, pertaining to such Application for Payment. No representation or warranty of Construction Lender is made or will be implied with respect to any matter shown in such inspection report or other documentation.

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7. Approval of Applications for Payment

- a. General. Approval of each Application for Payment will be subject to satisfaction of the requirements of this Agreement and the Lenders' respective Loan Documents.
- b. Procedure. Except as otherwise provided in the Construction Loan Agreement with respect to the Construction Loan, each Lender will, within fifteen (15) business days after receipt of an Application for Payment containing all of the items described in Section 6, above, determine the amount of the Application for Payment that is approved, notify Borrower, appropriate members of the construction team and the other Lenders of such amount, and, if and as required by paragraph b of Section 6 above, disburse the approved amount. With respect to disbursements of Authority Funds, The Authority will promptly disburse the approved amounts, by check, in either of the following ways (as the Authority may determine in its sole discretion): (i) to Borrower, and Borrower will promptly disburse such funds as provided in the Application for Payment, (ii) to subcontractors and/or suppliers entitled to such payment as provided in the Application for Payment, or (iii) jointly to Borrower and such subcontractors and/or suppliers.
- c. Disapprovals. An item in an Application for Payment which is not specifically approved within fifteen (15) business days will be deemed disapproved. On the basis of the progress of the work performed on the Project and the conditions precedent to making disbursements contained in their respective agreements with Borrower, each Lender may disapprove all or part of an Application for Payment. If a Lender disapproves any portion of the amount requested by Borrower in an Application for Payment, such Lender will promptly notify the other Lenders and the Borrower of the disapproved amount and the reason therefor. A Lender's disapproval of an amount requested in an Application for Payment is not binding on the other Lenders.
- d. Concurrent Review of Applications for Payment. If requested payment for an item in the Application for Payment is disapproved or deemed disapproved, the representatives of Borrower and the Lenders will meet promptly and in good faith to attempt to resolve the matter to their mutual satisfaction. To effectuate this paragraph, the Lenders will review each Application for Payment concurrently, and notify the other Lenders of its approval or disapproval (in whole or in part) of such request as soon as possible. Each Lender will signify its approval of an Application for Payment by signing and transmitting to the other Lenders a copy of the Application for Payment, by hard copy or facsimile transmission.
- e. Disbursement of Undisputed Amounts. If there is a dispute over an item included in an Application for Payment, the Lenders and Borrower will each, if and as required by paragraph b of Section 6 above, disburse the portion of the Application for Payment not in dispute, and fund the disputed amounts promptly upon

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resolution of the dispute. If a Lender elects to fund an amount disputed by another Lender, and the Lenders and Borrower subsequently resolve such dispute so that the Lender that disputed the amount agrees to fund the previously disputed amount, the Lender that disputed the amount will so disburse its funds to reimburse the other Lender for the amount such Lender previously funded. Disputed amounts will not be deducted from the Lenders' respective loans, but will be available for disbursement for other approved Costs in accordance with the Project Budget.

- f. Disbursement by Construction Lender to Pay Disputed Amounts. Notwithstanding any provision of this Disbursement Agreement requiring approval by all Lenders of disbursements to be made by any Lender, the Construction Lender will have the right, without the other Lenders' approval, to disburse Borrower's Funds and Construction Lender Funds to pay Approved Costs as provided in an Application for Payment that is not approved by the Authority, including amounts to pay cost overruns, without regard to whether such advance would cause the outstanding principal amount of the Construction Loan to exceed the original stated amount thereof. With respect to disbursements by the Construction Lender, all such amounts so advanced to pay Approved Costs will be and remain senior to the liens of the deeds of trust securing the Authority Loans all on the terms and conditions set forth in the applicable subordination agreement. Notwithstanding any provision in this Agreement or any other document or instrument, disbursements of Construction Lender's Funds pursuant to this paragraph to pay Approved Costs will be deemed approved disbursements for purposes of subordination of the Authority Loans to the Construction Loan, and the subordination of the Authority Loans to the Construction Loan will include all such disbursements and advances by the Construction Lender, all on terms and conditions set forth in the respective subordination agreement.
- g. Right to Condition Disbursements. The Lenders will each have the right to condition a disbursement upon receipt and approval of such documentation, evidence or information that such Lender may request, including, but not limited to, vouchers, invoices, and architect's inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed.
- h. General Conditions Applicable to Disbursements. Disbursements will be subject to the following conditions:
 - (1) Each Lender will use the disbursement procedures set forth in the respective Loan Documents and this Agreement; provided, however, none of the Lenders will be obligated to disburse any Project Funds until the other

Lender has approved, or is deemed to have approved, all or a portion of the Application for Payment for the funds to be disbursed; and

- (2) The Lenders will make agreed disbursements of Project Funds: (a) to Borrower for reimbursement of soft costs incurred and paid by Borrower and for payment to third-party contractors, subcontractors or creditors of the Project, as the case may be; or (b) to Construction Lender for financing costs, including without limitation, loan fees, interest and reimbursement for Construction Lender's costs as set forth in the Construction Loan Documents and included in the Project Budget. Notwithstanding the foregoing, the Authority and Construction Lender will each have the right in their sole discretion to make disbursements of Project Funds directly to third parties entitled to such payment.

8. Approval of Final Application for Payment

Subject to additional conditions set forth in the Construction Loan Agreement (which will not, in any event, apply to any disbursement of Authority Funds), the final contractor's invoice (representing retention on the construction contract) will be disbursed by the Construction Lender to Borrower upon the submission by Borrower of documentation of the final cost of completing the Project, and the following (referred to as the "**Completion**"): (a) issuance of a permanent certificate of occupancy for the Project by the City of Glendale, (b) recordation of a Notice of Completion, (c) submission to the Lenders of unconditional lien releases or waivers obtained by Borrower or Borrower's agent, (d) certification by the project architect that the Project has been completed in a good and workmanlike manner and in substantial accordance with the approved plans and specifications, (e) disposition of any mechanic's liens that have been recorded or stop notices that have been delivered to any Lender, so that any such liens will have been paid, settled, bonded or insured around or otherwise extinguished or discharged and the Lenders have been provided satisfactory evidence of such payment, settlement, bond, title insurance or title insurance commitment or discharge, including without limitation all statutory waivers, and (f) issuance by the Authority of its Release of Construction Covenants pursuant to the Affordable Housing Agreement. Subject to additional conditions set forth in the Authority Loan Documents (which will not, in any event, apply to a disbursement of Construction Lender Funds), the Authority will disburse to Borrower the portion of the Authority Funds held back as retention upon Borrower's documentation of satisfaction of all conditions precedent to Conversion.

9. Disbursement of Borrower's Funds.

Subject to the terms of the Construction Loan Agreement, Construction Lender will disburse all of the Borrower's Funds (other than the Borrower's Funds that will be disbursed at closing) to pay Costs on the basis of Applications for Payment approved by the Construction Lender and approved or deemed approved by the Authority and the Lender in accordance with this Agreement.

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10. Allocation of Cost Savings

If, there are Cost Savings with respect to the Project, the following will occur: (1) to the extent of fifty percent (50%) of the Cost Savings, any undisbursed amount of the Authority Loans plus any undisbursed capital contributions made by the Investor Limited Partner payable at Conversion and upon receipt of Forms 8609 in excess of the amounts needed to pay developer fee from such capital contributions will be released to the Authority as a payment of accrued interest on and then reduction of the principal amount of the Authority Loans; and (2) each Lender's unfunded commitment will terminate. For purposes hereof, "Cost Savings", shall mean the difference between the total sources of funds and the total cost of development as shown in the Borrower's cost certification contained in Borrower's application to the California Tax Credit Allocation Committee for a Form 8609 for the Project ("**Tax Credit Report**"); provided, however, the Cost Savings will be adjusted to take into account (i) the loss of any equity investment due to an adjustment in the allowable tax credits; provided that the tax credit factor applied to the required equity contribution will be as set forth in Borrower's limited partnership agreement; and (ii) any reduction in the first mortgage loan required by the Construction Loan Documents. The amount payable to Authority under this paragraph will be paid within sixty (60) days following submittal of the Tax Credit Report to the California Tax Credit Allocation Committee.

11. Inspection of the Project.

The Lenders will each have the right to inspect the Property during construction and agree, subject to the consent of such Lender's inspector, to deliver to each other Lender copies of inspection reports created. Inspection of the Property will be for the sole purpose of protecting the respective security of the Lender and is not to be construed as a representation by such Lender or its inspector that there has been compliance with plans or that the Property will be free of faulty materials or workmanship. The Borrower may make or cause to be made such other independent inspections as the Borrower may desire for its own protection.

12. Supervision of Construction.

Neither the Authority nor the Construction Lender will be under any obligation to perform any of the construction or complete the construction of the improvements on the Property, or to supervise any construction on the Property, and will not be responsible for inadequate or deficient contractors, subcontractors, materials, equipment or supplies. Neither the Authority nor the Construction Lender is an agent for any other Lender or for Borrower, nor are the Authority or the Construction Lender partners or joint venturers with any other Lender or with Borrower. Neither the Authority nor the Construction Lender will have any fiduciary duty or obligation to any other Lender or to Borrower.

13. Use of Authority Funds by Construction Lender or Assignee after Foreclosure.

The Authority and Construction Lender agree as follows:

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- a. Construction Lender or Assignee May Assume the Affordable Housing Agreement. If there is (1) a default by Borrower under the terms of the Affordable Housing Agreement, which remains uncured after notice to the Borrower pursuant to the Affordable Housing Agreement and which results in the termination of the Affordable Housing Agreement by the Authority, and/or (2) a foreclosure by the Construction Lender, or conveyance to Construction Lender by deed in lieu of foreclosure, the Construction Lender (and the assignee of such Lender, referred to herein as the “**Assignee**”) will have the right, but not the obligation, to assume the rights and obligations of Borrower under the Affordable Housing Agreement as if the Affordable Housing Agreement had not been terminated. The Construction Lender or Assignee, as the case may be, will be referred to as the “**Party in Possession**”.
- b. Conditions to Continued Disbursement of Authority Loans. The Authority will continue to disburse the undisbursed portion of the Authority Loans for the payment of Project Costs as provided herein, upon and subject to: (1) the execution of an Assignment and Assumption Agreement acceptable to the Authority and the Party in Possession, pursuant to which the Party in Possession agrees to construct and operate the Project in accordance with the terms and conditions of the Affordable Housing Agreement, as the Affordable Housing Agreement may be further amended by mutual agreement of the Authority and the Party in Possession; and (2) to the extent necessary, the execution or re-execution and recordation or re-recordation, of the promissory notes evidencing the Measure S Loan, the LMIHAF Loan, and the HOME Loan, the Authority Deed of Trust and other instruments securing the Authority Loans, the Agreement Containing Covenants, and the HOME Regulatory Agreement; provided, however, that nothing contained herein will obligate the Party in Possession to cure a default of Borrower under the Affordable Housing Agreement, which is not curable by the Party in Possession.
- c. Procedure if Party in Possession Fails to Assume Agreement. If the Authority and the Party in Possession fail to enter into an Assignment and Assumption Agreement as described in paragraph b within 90 days after termination of the Affordable Housing Agreement or Construction Lender’s foreclosure of its deed of trust (or such later date as the Party in Possession and the Authority may agree to in writing), either party may terminate this Disbursement Agreement by providing written notice of termination to the other party. Upon termination of this Disbursement Agreement, the Authority will have no further obligation to Construction Lender or any other person to disburse the undisbursed portion of the Authority Loans and the Construction Lender will have no further obligation to the Authority or any other person to disburse the undisbursed portion of the Construction Loan.
- d. Reservation of Rights. Nothing contained herein will be construed as restricting, limiting, amending or modifying the rights of the parties in the Affordable Housing Agreement, or the Construction Loan Agreement, as they relate to defaults or

remedies, including, inter alia, the right of each party under its respective security instruments to foreclose on the Property, or to seek recourse under any guaranties.

14. Integrated Agreement.

This Disbursement Agreement is made for the sole benefit and protection of the parties hereto and no other person or persons will have any right of action or right to rely hereon. As this Disbursement Agreement contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof will be deemed to exist or bind any party unless in writing and signed by the party to be charged. Notwithstanding the foregoing sentence or any other provision of this Disbursement Agreement, this Disbursement Agreement does not supersede and will not be deemed to amend the Construction Loan Documents or the Authority Loan Documents.

15. Termination of this Disbursement Agreement.

This Disbursement Agreement will terminate when all of the Project Funds have been fully disbursed.

16. Binding Effect.

This Disbursement Agreement will be binding on and inure to the benefit of the parties hereto and their heirs, personal representatives, successors, and assigns, except as otherwise provided herein.

17. Governing Law.

This Disbursement Agreement has been negotiated and entered into in the State of California, and will be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California.

18. Titles and Captions.

Titles or captions contained herein are inserted as a matter of conveniences and for reference, and in no way define, limit, extend or describe the scope of this Disbursement Agreement or any provision hereof.

19. Interpretation.

No provision in this Disbursement Agreement is to be interpreted for or against either party because that party or his legal representatives drafted such provision.

20. Waiver; Amendments.

No breach of a provision hereof may be waived unless in writing. Waiver of one breach of a provision hereof will not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Disbursement Agreement may be amended only by a written agreement executed by the parties to be bound at the time of the amendment.

21. Further Assurances.

The parties hereto agree to execute such other documents and to take such other action as may be reasonably necessary to further the purposes of this Disbursement Agreement.

22. Severance.

If any provision of this Disbursement Agreement is determined by a court of competent jurisdiction to be illegal, invalid or enforceable, such provision will be deemed to be severed and deleted from this Disbursement Agreement as a whole and neither such provision, nor its severance and deletion will in any way affect the validity of the remaining provisions of this Disbursement Agreement.

23. Independent Advice of Counsel.

The parties hereto and each of them, represent and declare that in executing this Disbursement Agreement they rely solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and that they have not been influenced to any extent whatsoever in executing the same by any of the parties hereto or by any person representing them, or any of them.

24. Voluntary Agreement.

The parties hereto, and each of them, further represent and declare that they carefully read this Disbursement Agreement and know the contents thereof, and that they sign the same freely and voluntarily.

25. Attorneys' Fees.

If there is a dispute between the Lenders regarding this Disbursement Agreement, the prevailing party will be entitled to recover costs and expenses, including but not limited to reasonable attorneys' fees.

26. Counterparts.

This Disbursement Agreement may be signed by each party on a separate signature page, and when the executed signature pages are combined, will constitute one single instrument with the same effect as if all signatories had executed the same instrument.

27. Construction Loan Documents.

Any agreement contained herein is for the sole benefit of Construction Lender and Authority and is not intended to benefit Borrower or any third party. Nothing contained herein shall amend, modify or negate any provision of the Construction Loan Documents, all of which shall remain in full force and effect notwithstanding the execution of this Agreement and, as between Borrower and Construction Lender, Construction Lender may enforce all such provisions against Borrower without regard to this Agreement.

[Remainder of Page Intentionally Left Blank; Signatures On Following Pages]

IN WITNESS WHEREOF, the Authority, Construction Lender, and Borrower have executed this Disbursement Agreement as of the date first set forth above.

“Authority”

**THE HOUSING AUTHORITY OF THE
CITY OF GLENDALE**

By: _____
Roubik R. Golanian, P.E.
Executive Director

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. GARCIA, CITY ATTORNEY
General Counsel to the Authority

By: _____
Michael J. Garcia

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel to the Authority

By: _____

[Signatures Continue On Following Pages]

“Borrower”

HARROWER VILLAGE, L.P.,
a California limited partnership

By: Harrower Village GP, LLC,
a California limited liability company,
its general partner

By: Abode Communities,
a California nonprofit public benefit corporation,
its sole and managing member

Dated: _____, 2022

By: _____
Lara Regus
Senior Vice President

[Signatures Continue On Following Page]

“Construction Lender”

WELLS FARGO, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

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Exhibit “A” to Disbursement Agreement

PROJECT BUDGET

[Immediately Follows This Page]

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