

EXHIBIT 3

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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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 (75<sup>th</sup>) 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

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(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 05.16.22

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 (60<sup>th</sup>) 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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912 and 920 East Broadway & 117 S. Belmont Street  
Ground Lease  
Page 49

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.

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#### **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.

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**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**

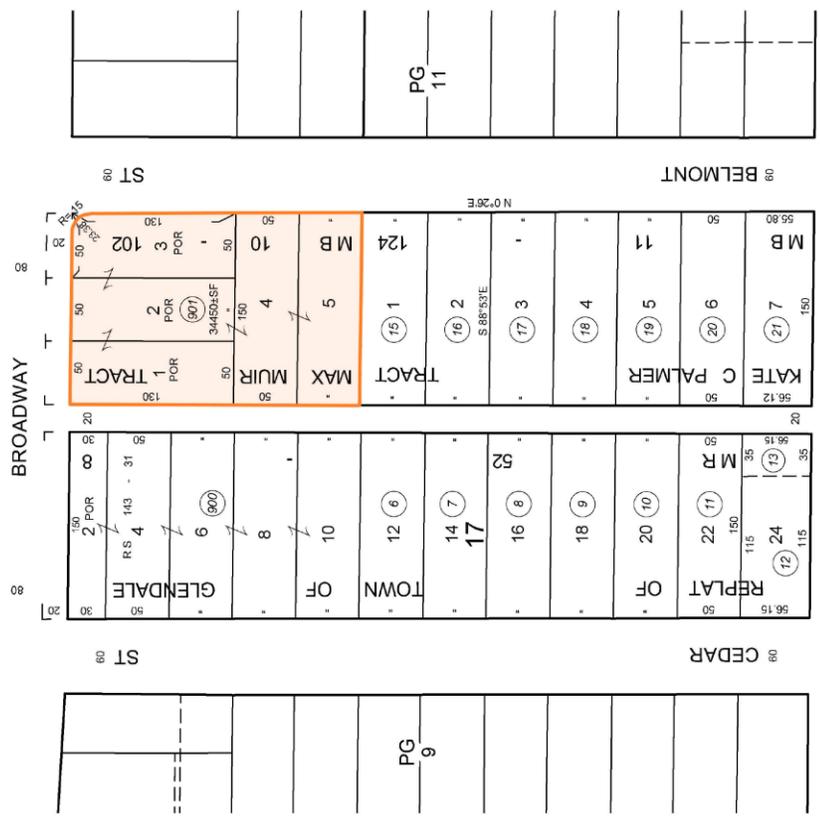
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MAPPING AND GIS SERVICES SCALE 1" = 50'



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