

TO THE MEMBERS OF THE CITY COUNCIL / SUCCESSOR AGENCY / HOUSING AUTHORITY
FOR THE CITY OF STANTON AND TO THE CITY CLERK / SECRETARY:

NOTICE IS HEREBY GIVEN that a Special Meeting of the City Council / Successor Agency / Housing Authority for the City of Stanton is hereby called by the Mayor / Chairman, to be held electronically / telephonically on March 29, 2022, commencing at 6:30 pm.

The Agenda for the Special Meeting is attached to this Notice and Call.

Dated: March 28, 2022

s/ Patricia A. Vazquez, City Clerk / Secretary

SAFETY ALERT – NOTICE REGARDING COVID-19

The President, Governor, and the City of Stanton have declared a State of Emergency as a result of the threat of COVID-19 (aka the “Coronavirus”). On September 16, 2021, Assembly Bill 361 (AB 361) was signed by Governor Newsom to allow for the City Council to attend City Council meetings electronically/telephonically and for the public to participate in the City Council meeting by electronic means. Given the health risks associated with COVID-19 and the recent surge of the Omicron variant, state and local officials are recommending measures to promote social distancing. Pursuant to the provisions of AB 361 the March 29, 2022, Joint Special City Council Meeting will be held electronically/telephonically.

Members of the public will be able to access the meeting live electronically/telephonically using any of the following sources.

In order to join the meeting via telephone please follow the steps below:

1. Dial the following phone number +1 (669) 900-9128 US (San Jose).
2. Dial in the following **Meeting ID: (827 9168 1272)** to be connected to the meeting.

In order to join the meeting via electronic device please utilize the ZOOM URL link below:

- <https://us02web.zoom.us/j/82791681272?pwd=bUdhU3lvUkNqUkY2T21Nc1g5VmFRUT09>

ANY MEMBER OF THE PUBLIC WISHING TO PROVIDE PUBLIC COMMENT FOR ANY ITEM ON THE AGENDA MAY DO SO AS FOLLOWS:

E-Mail your comments to pvazquez@StantonCA.gov with the subject line “PUBLIC COMMENT ITEM #” (*insert the item number relevant to your comment*). Comments received no later than 5:30 p.m. before the meeting (*Tuesday, March 29, 2022*) will be compiled, provided to the City Council, and made available to the public before the start of the meeting. Staff will not read e-mailed comments at the meeting. However, the official record will include all e-mailed comments received until the close of the meeting.

The Stanton City Council and staff thank you for your continued patience and cooperation during these unprecedented times. Should you have any questions related to participation in the City Council Meeting, please contact the City Clerk’s Office at (714) 890-4245.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE OFFICE OF THE CITY CLERK AT (714) 890-4245. NOTIFICATION BY 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.



**AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT SPECIAL MEETING**

**7800 KATELLA AVENUE, STANTON, CA 90680
TUESDAY, MARCH 29, 2022 - 6:30 P.M. (VIRTUAL)**

SAFETY ALERT – NOTICE REGARDING COVID-19

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In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (714) 890-4245. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

The City Council agenda and supporting documentation is made available for public review and inspection during normal business hours in the Office of the City Clerk, 7800 Katella Avenue, Stanton California 90680 immediately following distribution of the agenda packet to a majority of the City Council. Packet delivery typically takes place on Thursday afternoons prior to the regularly scheduled meeting on Tuesday. The agenda packet is available for review and inspection on the city's website at www.ci.stanton.ca.us.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

- 3. ROLL CALL** Council / Agency / Authority Member Taylor
Council / Agency / Authority Member Van
Council / Agency / Authority Member Warren
Mayor Pro Tem / Vice Chairman Ramirez
Mayor / Chairman Shawver

SPECIAL ORDERS OF THE DAY

4. NEW BUSINESS

4A. APPROVAL OF VARIOUS AGREEMENTS AND AMENDMENTS RELATED TO TRANSFER OF HOMEKEY 1.0 PROJECTS (STANTON INN AND SUITES AND TAHITI MOTEL) FROM PROJECT LLCs TO PROJECT LP; AND FINDING AND DECLARING SUCH APPROVALS EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE SECTION 21000 ET SEQ.)

Requested is the City Council's approval of the following agreements and amendments (together, the "Agreements"):

- First Amendment to Grant Agreement for each of the Homekey 1.0 affordable housing projects at (i) the Tahiti Motel (11850 Beach Boulevard, Stanton, CA 90680) (the "Tahiti Motel," and the project, the "Tahiti Motel Project") and (ii) at the Stanton Inn and Suites a/k/a Stanton Apartment Homes (7161 Katella Avenue, Stanton, CA 90680) (the "Stanton Inn," and the project, the "Stanton Inn Project" and together with the Tahiti Motel Project, the "Projects");
- Amended and Restated Regulatory Agreement for each of the Projects;
- Subordination Agreement with Banner Bank for each of the Projects;
- Ground Lease for certain vacant land adjacent to the Tahiti Motel, as part of the Tahiti Project.

RECOMMENDED ACTION:

1. City Council declare that approval of the Agreements are exempt from the California Environmental Quality Act ("CEQA"), because the Projects are both: (1) categorically exempt, because they involve conversion of the existing hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301) and none of the exceptions to the categorical exemptions apply (see 14 C.C.R. § 15300.2) – i.e., the locations of the Projects are not in particularly sensitive environments; the cumulative impact of these Projects on the environment is not significant; there are no unusual circumstances that would result in a reasonable possibility that approval of the Agreements will result in a significant effect on the environment; the Projects will not result in damage to scenic resources; the Projects are not located on hazardous waste sites; and the Projects will not cause a substantial adverse change in the significance of any historical resource; and (2) statutorily exempt under California Public Resources Code § 21080.50. The categorical and statutory exemptions each independently exempt the whole of the action; therefore, no further environmental review is required under CEQA; and
2. Approve the Agreements, and authorize the City Manager, in his capacity as Director of the Housing Authority, to execute the Agreements substantially in the same form as attached hereto as Exhibits A-1, A-2, B-1, B-2, C-1, C-2, and D.

5. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 24 hours prior to the meeting. Dated this 28th day of March, 2022.

/s/ Patricia A. Vazquez, City Clerk/Secretary

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: March 29, 2022

SUBJECT: APPROVAL OF VARIOUS AGREEMENTS AND AMENDMENTS RELATED TO TRANSFER OF HOMEKEY 1.0 PROJECTS (STANTON INN AND SUITES AND TAHITI MOTEL) FROM PROJECT LLCs TO PROJECT LP; AND FINDING AND DECLARING SUCH APPROVALS EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE SECTION 21000 ET SEQ.)

REPORT IN BRIEF:

Requested is the City Council's approval of the following agreements and amendments (together, the "Agreements"):

- First Amendment to Grant Agreement for each of the Homekey 1.0 affordable housing projects at (i) the Tahiti Motel (11850 Beach Boulevard, Stanton, CA 90680) (the "Tahiti Motel," and the project, the "Tahiti Motel Project") and (ii) at the Stanton Inn and Suites a/k/a Stanton Apartment Homes (7161 Katella Avenue, Stanton, CA 90680) (the "Stanton Inn," and the project, the "Stanton Inn Project" and together with the Tahiti Motel Project, the "Projects");
- Amended and Restated Regulatory Agreement for each of the Projects;
- Subordination Agreement with Banner Bank for each of the Projects;
- Ground Lease for certain vacant land adjacent to the Tahiti Motel, as part of the Tahiti Project.

RECOMMENDED ACTION:

1. City Council declare that approval of the Agreements are exempt from the California Environmental Quality Act ("CEQA"), because the Projects are both: (1) categorically exempt, because they involve conversion of the existing hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301) and none of the exceptions to the categorical exemptions apply (see 14 C.C.R. § 15300.2) – *i.e.*, the locations of the Projects are not in particularly sensitive environments; the cumulative impact of these Projects on the environment is not significant; there are no unusual circumstances that would result in a reasonable possibility that approval of the Agreements will result in a significant effect on the environment; the Projects will not result in damage to scenic resources; the Projects are not located on hazardous waste sites; and the Projects will not cause a substantial

adverse change in the significance of any historical resource; and (2) statutorily exempt under California Public Resources Code § 21080.50. The categorical and statutory exemptions each independently exempt the whole of the action; therefore, no further environmental review is required under CEQA; and

2. Approve the Agreements, and authorize the City Manager, in his capacity as Director of the Housing Authority, to execute the Agreements substantially in the same form as attached hereto as Exhibits A-1, A-2, B-1, B-2, C-1, C-2, and D.

DISCUSSION:

On or about September 22, 2020, the City Council, at a joint regular meeting, approved a funding commitment in the amount of \$5 million from the Housing Authority to Jamboree Housing Corporation (“Jamboree”) in support of the Projects contemplated under each of the respective Affordable Housing Grant and Regulatory Agreements (the “Agreements”) and directed the City Manager to execute funding commitment letters memorializing the same and to submit final funding agreements to the City Council for approval at a future meeting. The Agreements were subsequently submitted and approved by the City Council and executed as of November 17, 2020 (for the Tahiti Agreement) and as of December 7, 2020 (for the Stanton Inn Agreement). The regulatory agreements associated with each of the Agreements (the “Regulatory Agreements”) were recorded in the Official Records of Orange County on December 4, 2020 as Document No. 2020000713140 (for the Tahiti Motel Project) and on December 7, 2020 as Document No. 2020000717473 (for the Stanton Inn Project). Below are the salient terms for each of the Agreements:

Stanton Inn Agreement:

- **Site address:** 7161 Katella Avenue, Stanton, CA 90680
- **Lot size:** approx. 1.02 acres
- **Proposed development:** Rehabilitation of Stanton Inn for use as 72-unit affordable residential rental complex. Initial operation for, at most, five (5) years as interim housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic, then for the following fifty-five (55) years as permanent supportive housing. During permanent supportive housing period, up to 49% of units to be restricted for affordable housing for households earning less than 80% of area median income. The rest of the units will be restricted as very low affordable housing under other regulatory agreements by other funding sources, including the State’s Homekey Program
- **Grant amount:** \$3,038,562.00
- **Grant purpose:** For operating expenses during interim housing period (*i.e.*, up to first five (5) years)

- **Grant disbursement schedule:** Five (5) annual installments. First (1st) installment disbursed at Jamboree's closing of acquisition of the Stanton Inn and leasehold interest in the site, in prorated amount from the date of said closing until June 30, 2021, and each installment thereafter to occur on or about July 1 of each year for five (5) years
- **Grant oversight:** Jamboree must, within thirty (30) days of the end of each fiscal year (or prorated year, as applicable) for which it received grant funds, provide interim written report showing (a) all expenses incurred on the project, to which grant funds were applied in the prior year (or prior prorated year); and (b) comparison of such expenses against line items in the project budget. At the end, Jamboree must, within sixty (60) days, provide a final written report to the City with the same contents for the entirety of the five (5) years, plus prorated time
- **Default remedies:** If Jamboree commits event of default that remains uncured, the City may do any of the following: (a) to the extent the grant has not yet been disbursed, refuse to advance all or any part of the grant; (b) to the extent the grant has not yet been disbursed, wholly or partially suspend or terminate the award of the grant; (c) wholly or partially suspend or terminate the agreement by giving at least thirty (30) days' advance written notice to Jamboree; and (d) require Jamboree to repay any or all of the grant funds. The City may, to the extent not already disbursed, temporarily withhold disbursement of grant proceeds pending correction of default by Jamboree.

Tahiti Motel Agreement:

- **Site address:** 11850 Beach Boulevard, Stanton, CA 90680
- **Lot size:** approx. 1.45 acres
- **Proposed development:** Initial rehabilitation of Tahiti Motel and relocation of existing residents for use as 60-unit affordable residential rental complex. Initial operation for, at most, five (5) years as interim housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic, then, after additional rehabilitation, for the following fifty-five (55) years as permanent supportive housing. During permanent supportive housing period, up to 49% of units to be restricted for affordable housing for households earning less than 80% of area median income. The rest of the units will be restricted as very low affordable housing under other regulatory agreements by other funding sources, including the State's Homekey Program
- **Grant amount:** \$1,961,438.00
- **Grant purpose:** For expenses associated with initial rehabilitation and relocation during interim housing period (*i.e.*, up to first five (5) years)
- **Grant disbursement schedule:** Monthly installments with initial disbursement to occur by no later than November 30, 2020 and to cover eligible expenses incurred in connection with close of escrow and Jamboree's acquisition of the Tahiti Motel

- **Grant oversight:** Jamboree must submit two (2) reports – one after approximately six (6) months of first disbursement and another after one year of first disbursement, showing (a) all expenses incurred on the project, to which grant funds were applied in the prior six-month period / entire year period for second report; and (b) comparison of such expenses against line items in the project budget.
- **Default remedies:** *[same as Stanton Inn Agreement]*.

FIRST AMENDMENT TO GRANT AGREEMENT

At the closing of the Stanton Inn Grant Agreement, the Authority paid the first installment of the Stanton Inn Grant to the Stanton Inn Developer, via escrow, in the amount of \$607,712 (the “First Installment”). The Stanton Inn Developer used \$147,950.00 of the First Installment amount on Eligible Expenses (as defined in the Stanton Inn Grant Agreement), leaving \$459,762 (“First Installment Balance”) in escrow.

Having received its allocation of 9% tax credits from the California Tax Credit Allocation Committee to finance the “permanent supportive housing” phase of the Stanton Inn Project, the Stanton Inn Developer has no further need for the Stanton Inn Grant, including the First Installment Balance. Meanwhile, the Tahiti Motel Project requires more funding due to unanticipated cost overruns. The Tahiti Motel Developer has requested transfer of the First Installment Balance from the Stanton Inn Project to the Tahiti Motel Project. Since both Projects share equal priority with the Authority, Authority staff see no issue with this request and recommend transfer of the First Installment Balance. The First Installment Balance would be used by the Tahiti Motel Developer under the terms and conditions of the Tahiti Agreement.

The Amendment to the Stanton Inn Grant Agreement further calls for the forfeiture of the balance (Years 2-5 payment installments) of the Stanton Inn Grant (*i.e.*, \$2,430,850) to the Authority, which amount will be unencumbered and used for the Authority’s future affordable housing projects.

AMENDED AND RESTATED REGULATORY AGREEMENT

The main change to each of the Regulatory Agreements, which provide the covenants by which the Developers must operate the Projects upon completion of construction, is the clarification of the affordability level of the units. Namely, all units in both Projects shall be restricted to Very Low Income individuals and households making no more than 50% of the Average Median Income (AMI) in Orange County. Other changes include (i) more frequent reporting requirements by the Developers to the Authority, clarification of the content of such reports, and clarification of the Authority’s remedies in the event of default (*i.e.* the City’s and Authority’s ability to assess administrative citations but not to record liens on the Properties).

SUBORDINATION AGREEMENT

Banner Bank, one of the Project LP lenders (“Banner Bank”) has requested that the Authority subordinate its Grant Agreements and certain provisions of its Regulatory Agreements with respect to both Projects, as a condition to making construction and permanent loans to the Project LP. Because the money provided by the Authority to the Developers was in the form of grants (and not loans), subordination of the Grant Agreements is a non-issue, since the Developers are not obligated to repay the Grants. Of more concern is the Regulatory Agreements, which, if they were to be completely subordinated to Banner Bank’s loans, would be of no force and effect in the event of a foreclosure on the Projects. Authority staff negotiated with Banner Bank to *only* subordinate certain provisions of the respective Regulatory Agreements, **not** including the affordability covenants requiring the units in the Projects to remain affordable to lower income households for 55 years.

The Regulatory Agreement provisions the Authority agreed to subordinate to Banner Bank are:

- Section 12.4 (“Capital Replacement Reserve Account”). In the event of foreclosure, Banner Bank will rely on its own rules and regulations for maintaining a capital reserve account for each of the Projects and for making all necessary capital improvements to the Projects.
- Section 15.1.4 (“Events of Default”). In the event of foreclosure, an Event of Default under the Grant Agreements shall *not* constitute an Event of Default under the Regulatory Agreements.
- Section 26 (“Prohibition Against Transfer”). In the event of foreclosure, Banner Bank may freely transfer the properties and the Projects.

Importantly, Sections 6 (“Rental of Units”) and 7 (“Affordable Rent”) of the Regulatory Agreements, which ensure that the units in the Projects are leased out at an affordable rent to income-restricted tenants for 55 years, remain senior to the Banner Bank loan and, even in the event of foreclosure, Banner Bank and any successor in interest who purchases the Projects from the bank will be bound by those covenants.

GROUND LEASE OF PROPERTY ADJACENT TO TAHITI PROJECT

The Authority owns certain real property located at 11870 Beach Boulevard in Stanton (“Property”) commonly known as Assessor Parcel No. 131-241-21 and desires to lease (“Lease”) the Property to the Tahiti Developer for purposes accessory and complementary to and supportive of the affordable housing development being constructed on property adjacent to the Property. Specifically, Tahiti Developer intends to construct a community center on the Property for the benefit of residents in the Tahiti housing development. Salient terms of the Lease include:

- Sec. 3(a) *Lease Term*: 99 years (from the date of recordation of the Memorandum of Lease);
- Sec. 4(a) *Annual Rent*: \$1.00/year, to be pre-paid in full (i.e. \$99.00) on the Commencement Date of the Lease;
- Sec. 12(c)(1)(i) *Alterations & Improvements*: Authority shall authorize any alterations or improvements that cost more than \$100,000;
- Sec. 16(k) *Lender Protections*: Authority may not encumber the Property without tenant's lenders' consent, and any lien placed on Property shall be subordinate;

FISCAL IMPACT:

The Housing Authority Fund (Low and Moderate Income Housing Fund) has sufficient cash on hand to fund the Agreements.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, these Projects have been determined to be both: (1) categorically exempt, because they involve conversion of the existing Hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301) and none of the exceptions to the categorical exemptions apply (see 14 C.C.R. § 15300.2) – *i.e.*, the locations of the Projects are not in particularly sensitive environments; the cumulative impact of these Projects on the environment is not significant; there are no unusual circumstances that would result in a reasonable possibility that approval of the Agreements will result in a significant effect on the environment; the Projects will not result in damage to scenic resources; the Projects are not located on hazardous waste sites; and the Projects will not cause a substantial adverse change in the significance of any historical resource; and (2) statutorily exempt under California Public Resources Code § 21080.50. The categorical and statutory exemptions each independently exempt the whole of the action; therefore, no further environmental review is required under CEQA

PUBLIC NOTIFICATION:

Public notice for this item was made through the regular agenda process.

STRATEGIC PLAN:

- 1 - Provide for a Safe Community
- 5 – Provide a High Quality of Life
- 6 – Maintain and Promote a Responsive, High Quality and Transparent Government

Prepared by:

/s/ Jarad L. Hildenbrand

Jarad L. Hildenbrand
City Manager

Finance:

/s/ Michelle Bannigan

Michelle Bannigan, CPA
Finance Director

Approved as to Form By:

/s/ Best, Best & Krieger

Best, Best & Krieger
City Attorney's Office

ATTACHMENTS:

- Omnibus Resolution 2022-17
- Exhibit A-1 (First Amendment to Stanton Inn Grant and Regulatory Agreement)
- Exhibit A-2 (First Amendment to Tahiti Grant and Regulatory Agreement)
- Exhibit B-1 (Amended and Restated Stanton Inn Regulatory Agreement)
- Exhibit B-2 (Amended and Restated Tahiti Regulatory Agreement)
- Exhibit C-1 (Stanton Inn Subordination Agreement)
- Exhibit C-2 (Tahiti Subordination Agreement)
- Exhibit D (Ground Lease for Property Adjacent to Tahiti Motel Project)

RESOLUTION NO. 2022-17

Click here to return to the agenda.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, APPROVING VARIOUS AGREEMENTS AND AMENDMENTS RELATED TO TRANSFER OF HOMEKEY 1.0 PROJECTS (STANTON INN AND SUITES AND TAHITI MOTEL) FROM PROJECT LLCs TO PROJECT LP; AND FINDING AND DECLARING SUCH APPROVALS EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE SECTION 21000 ET SEQ.)

WHEREAS, the City of Stanton (the “City”) is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, as of November 17, 2020, the City’s Housing Authority (the “Authority”) and JHC-Katella, LLC and JHC-Beach2, LLC (together, the “Developers”) entered into two (2) separate Affordable Housing Grant and Regulatory Agreements (each, a “Grant and Regulatory Agreement”) for Developers to rehabilitate a 72-unit hotel called the Stanton Inn and Suites, located at 7161 Katella Avenue, Stanton, CA 90680 (“Stanton Inn”) and a 60-unit motel called the Tahiti Motel, located at 11870 Beach Boulevard, Stanton, CA 90680 (“Tahiti” and with Stanton Inn, the “Hotels”), respectively, and ultimately convert them into permanent supportive housing for low-income individuals and families (together, the “Projects”); and

WHEREAS, under the Tahiti Grant and Regulatory Agreement, the Authority granted to the Tahiti Developer a Homekey matching grant in the amount of \$1,961,438 (the “Tahiti Grant”), which grant was disbursed to Tahiti Developer in one lump sum on or about November 17, 2020 and has since been fully expended by Tahiti Developer on Eligible Expenses (as defined in the Tahiti Grant and Regulatory Agreement); and

WHEREAS, under the Stanton Inn Grant and Regulatory Agreement, the Authority granted to Stanton Inn Developer a Homekey matching grant in the amount of \$3,038,562.00 (the “Stanton Inn Grant”), payable in five (5) approximately equal annual installments, which first installment in the amount of \$607,712 (“First Installment”) was disbursed on or about November 17, 2020 and of which Stanton Inn Developer used only \$147,950, leaving a balance of \$459,762 (“First Installment Balance”) in escrow; and

WHEREAS, Authority has not disbursed any further amounts, beyond the First Installment, of the Stanton Inn Grant – *i.e.*, Two Million Four Hundred Thirty Thousand Eight Hundred Fifty Dollars (\$2,430,850) (the “Years 2-5 Balance”); and

WHEREAS, Stanton Inn Developer has no further need for the First Installment Balance or the Years 2-5 Balance, and Tahiti Developer has requested a transfer of the First Installment Balance to supplement the Tahiti Grant to put towards the Tahiti Project, and Stanton Inn Developer desires to forfeit the Years 2-5 Balance to the Authority for use on future affordable housing projects; and

WHEREAS, the Developers and the Authority have agreed to amend the Grant and Regulatory Agreements to allow this transfer of the First Installment Balance and forfeiture of the Years 2-5 Balance, substantially in the same form as the respective First Amendments to Grant and Regulatory Agreements attached hereto as **Exhibits A-1 and A-2** and incorporated herein by this reference (together, the “First Amendments to Grant and Regulatory Agreements”); and

WHEREAS, the Developers and the Authority desire to amend and restate the Regulatory Agreements of each of the Grant and Regulatory Agreements, substantially in the same form as **Exhibits B-1 and B-2** attached hereto and incorporated herein by reference (together, the “Amended and Restated Regulatory Agreements”), to include, among other things, a clarification that all units in both Projects will be restricted to Very Low Income individuals and households making less than 50% of the Area Median Income for Orange County, as well as other provisions with respect to more frequent reporting by the Developers to the Authority and the Authority’s remedies in the event of default; and

WHEREAS, the Developers were allocated 9% tax credits from the California Tax Credit Allocation Committee to finance the development of their respective Projects and have partnered with a tax credit investor (“Tax Credit Investor”) to form Katella Housing Partners LP, a California limited partnership (the “Project LP”), in which the Developers will be general partners and the Tax Credit Investor will be a limited partner; and

WHEREAS, the Developers intend to transfer the Projects to the Project LP, and in connection with that conveyance, take out construction and permanent secured loans for the benefit of the Projects from traditional banks, including Banner Bank (“Banner Bank”); and

WHEREAS, as a condition of making the necessary loan for the Projects, Banner Bank has required the Authority to subordinate its Grant and Regulatory Agreements, in a form substantially similar to **Exhibits C-1 and C-2** attached hereto and incorporated by reference (together, the “Subordination Agreements”); however, it has permitted the affordability covenants in such Grant and Regulatory Agreements to remain senior to Banner Bank’s deed of trust; and

WHEREAS, in connection with and included in the Tahiti Project, the City and Tahiti Developer have entered into a Lease Agreement, substantially in the same form as attached hereto as **Exhibit D** and incorporated herein by reference, pertaining to certain vacant real property adjacent to the Tahiti for the purpose of developing open space complementary to and supportive of the Tahiti Project (the “Ground Lease”); and

NOW THEREFORE, BE IT RESOLVED the City Council of the City of Stanton hereby finds and orders as follows:

SECTION 1. Recitals. All of the above recitals are true and correct and are hereby incorporated herein by reference.

SECTION 2. CEQA. Approval of the First Amendments to Grant and Regulatory Agreements, the Amended and Restated Regulatory Agreements, the Subordination Agreements, and the Ground Lease (together, the “Amendments and Agreements”) is exempt from the California Environmental Quality Act (“CEQA”), because the Projects are both: (1) categorically exempt, because they involve conversion of the existing Hotels into interim and permanent supportive housing and will involve negligible or no expansion of use (see 14 C.C.R. § 15301) and none of the exceptions to the categorical exemptions apply (see 14 C.C.R. § 15300.2) – *i.e.*, the locations of the Projects are not in particularly sensitive environments; the cumulative impact of these Projects on the environment is not significant; there are no unusual circumstances that would result in a reasonable possibility that approval of the Agreements will result in a significant effect on the environment; the Projects will not result in damage to scenic resources; the Projects are not located on hazardous waste sites; and the Projects will not cause a substantial adverse change in the significance of any historical resource; and (2) statutorily exempt under California Public Resources Code § 21080.50. The categorical and statutory exemptions each independently exempt the whole of the action; therefore, no further environmental review is required under CEQA.

SECTION 3. Approval of Amendments and Agreements. The forms, terms and provisions of the Amendments and Agreements, which have been presented to the City Council at this meeting are hereby each and all approved, and the City Manager or his designee(s) (the “Authorized Officers”) are each hereby authorized and directed on behalf of the City and in its name to execute and deliver the Amendments and Agreements in the name of and on behalf of the City in substantially the form hereby approved with such changes as the City Manager or designee executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The City Clerk or other appropriate City officer is hereby authorized and directed to attest the signature of the Authorized Officers, as may be required or appropriate in connection with the execution and delivery of the Amendments and Agreements.

SECTION 4. Other Acts. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents which they may deem necessary or advisable in order effectuate the purposes of this Resolution and the Amendments and Agreements, and any such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 5. Effective Date. This Resolution shall take effect immediately upon adoption.

SECTION 6. Custodian of Records. The administrative record for this approval is maintained at City Hall located at 7800 Katella Avenue, Stanton CA 90680. The custodian of records is the City Clerk.

SECTION 7. Notice of Exemption. The City Council hereby authorizes staff to prepare, execute and file with the Orange County Clerk a notice of exemption within five (5) business days of the approval of this Resolution.

ADOPTED, SIGNED AND APPROVED this 29th day of March 2022.

DAVID SHAWVER, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

HONGDAO NGUYEN, CITY ATTORNEY

ATTEST:

I, Patricia Vazquez, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2022-17 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on March 29, 2022, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA VAZQUEZ, CITY CLERK

EXHIBIT A-1

FIRST AMENDMENT TO STANTON INN GRANT AND REGULATORY AGREEMENT

EXHIBIT A-2

FIRST AMENDMENT TO TAHITI GRANT AND REGULATORY AGREEMENT

EXHIBIT B-1

AMENDED AND RESTATED STANTON INN REGULATORY AGREEMENT

EXHIBIT B-2

AMENDED AND RESTATED TAHITI REGULATORY AGREEMENT

EXHIBIT C-1

STANTON INN SUBORDINATION AGREEMENT

EXHIBIT C-2

TAHITI SUBORDINATION AGREEMENT

EXHIBIT D

GROUND LEASE TO PROPERTY ADJACENT TO TAHITI PROJECT

FIRST AMENDMENT TO
AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT

This FIRST AMENDMENT TO AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT (“**Amendment**”) is entered into as of April ____, 2022, by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and JHC-BEACH2 LLC, a California limited liability company (“**Tahiti Developer**”). Authority and Tahiti Developer may be referred to together herein as the “**Parties**” and individually as a “**Party**.”

R E C I T A L S:

A. WHEREAS, on or about November 17, 2020, the Parties entered into that certain Affordable Housing Grant and Regulatory Agreement (the “**Tahiti Grant Agreement**”) pursuant to which Authority granted to Tahiti Developer a Homekey matching grant in the amount of One Million Nine Hundred Sixty One Thousand Four Hundred Thirty Eight Dollars (\$1,961,438) (the “**Tahiti Grant**”), which grant was disbursed to Tahiti Developer in one lump sum on or about November 17, 2020 and has since been fully expended by Tahiti Developer on Eligible Expenses (as defined in the Tahiti Grant Agreement);

B. WHEREAS, on or about November 17, 2020, the Authority also entered into that certain Affordable Housing Grant and Regulatory Agreement (the “**Stanton Inn Grant Agreement**”) with JHC-Katella LLC (“**Stanton Inn Developer**”) pursuant to which Authority granted to Stanton Inn Developer a Homekey matching grant in the amount of Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) (the “**Stanton Inn Grant**”), payable in five (5) approximately equal annual installments, to, among other things, rehabilitate that certain hotel located at 7161 Katella Avenue, Stanton, CA 90680 (“**Stanton Inn**”) and operate it as a 72-unit affordable residential rental complex called Stanton Apartment Homes (the “**Stanton Inn Project**”);

C. WHEREAS, pursuant to the Stanton Inn Grant Agreement, the first installment of the Stanton Inn Grant was disbursed to Stanton Inn Developer at closing in the amount of Six Hundred Seven Thousand Seven Hundred Twelve Dollars (\$607,712.00) (“**First Installment**”). Stanton Inn Developer used One Hundred Forty Seven Thousand Nine Hundred Fifty Dollars (\$147,950.00) of the First Installment amount, leaving Four Hundred Fifty Nine Thousand Seven Hundred Sixty Two Dollars (\$459,762) (“**First Installment Balance**”) in escrow;

D. WHEREAS, Stanton Inn Developer is ready to begin the transition to the next phase – *i.e.*, conversion of its interim housing to permanent supportive housing, which involves additional funding and a much more comprehensive rehabilitation, and does not require the use of the First Installment Balance or the remaining undisbursed portions of the Stanton Inn Grant;

E. WHEREAS, concurrently with this Amendment, Authority and Stanton Inn Developer have entered into an amendment of the Stanton Inn Grant Agreement, agreeing to,

among other things, the transfer of the First Installment Balance to Tahiti Developer for use on the Tahiti Project, under the same terms and conditions applied to the Tahiti Grant under the Tahiti Grant Agreement.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Change to Authority Grant. "Authority Grant," as used and defined in the Tahiti Grant Agreement, including but not limited to in Sections 1.6 and 2.1, is hereby revised to include the full amount of the First Installment Balance, thus resulting in an increased total grant amount of Two Million Four Hundred Twenty One Thousand Two Hundred Dollars (\$2,421,200).
2. Remaining Provisions. Except as otherwise expressly provided in this Amendment, all of the terms and conditions of the Tahiti Grant Agreement shall remain in full force and effect.
3. Signatures in Counterpart. This Amendment may be executed in counterparts, each of which, when this Amendment has been signed by the Parties hereto, shall be deemed an original, and such counterparts shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, Authority and Tahiti Developer each hereby represents that it has read this Amendment, understands it, and hereby executes this Amendment to be effective as of the day and year first written above.

"AUTHORITY"

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____

Its: _____

"TAHITI DEVELOPER"

JHC-BEACH2 LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit public benefit corporation,
its Manager

By: _____
Michael Massie
Chief Development Officer

FIRST AMENDMENT TO
AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT

This FIRST AMENDMENT TO AFFORDABLE HOUSING GRANT AND REGULATORY AGREEMENT (“**Amendment**”) is entered into as of April __, 2022, by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and JHC-KATELLA LLC, a California limited liability company (“**Stanton Inn Developer**”). Authority and Stanton Inn Developer may be referred to together herein as the “**Parties**” and individually as a “**Party**.”

R E C I T A L S:

A. WHEREAS, on or about November 17, 2020, the Parties entered into that certain Affordable Housing Grant and Regulatory Agreement (the “**Stanton Inn Grant Agreement**”) pursuant to which Authority granted to Stanton Inn Developer a Homekey matching grant in the amount of Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) (the “**Stanton Inn Grant**”);

B. WHEREAS, on or about the same date, the Stanton Inn Developer acquired a leasehold interest in that certain real property located at 7161 Katella Avenue, Stanton, CA 90680 which comprises approximately 1.02 acres of land area and is improved with that certain hotel known as the Stanton Inn & Suites (the “**Stanton Inn**”);

C. WHEREAS, Stanton Inn Developer performed certain initial rehabilitation work to the Stanton Inn and surrounding property so that it could be used as a 72-unit affordable residential rental complex and changed the name of the development to Stanton Apartment Homes (the “**Stanton Inn Project**”);

D. WHEREAS, pursuant to the Stanton Inn Grant Agreement, the first installment of the Stanton Inn Grant was disbursed to Stanton Inn Developer at closing in the amount of Six Hundred Seven Thousand Seven Hundred Twelve Dollars (\$607,712.00) (“**First Installment**”). This First Installment was to be used by Stanton Inn Developer as operational subsidy assistance during the “Interim Housing” period of the Stanton Inn Project, and Stanton Inn Developer is able to complete the “Interim Housing” period of the Stanton Inn Project without the use of the entire amount of the First Installment of the Stanton Inn Grant funds. Specifically, Stanton Inn Developer used One Hundred Forty Seven Thousand Nine Hundred Fifty Dollars (\$147,950.00) of the First Installment amount, leaving Four Hundred Fifty Nine Thousand Seven Hundred Sixty Two Dollars (\$459,762) (“**First Installment Balance**”) in escrow;

E. WHEREAS, All portions of the Stanton Inn Grant other than the First Installment (*i.e.*, Two Million Four Hundred Thirty Thousand Eight Hundred Fifty Dollars (\$2,430,850)) (the “**Years 2-5 Balance**”) remain undisbursed;

F. WHEREAS, the Stanton Inn Project is ready to begin the transition to the next phase – *i.e.*, conversion of the “Interim Housing” to “Permanent Supportive Housing,” which involves additional funding and a much more comprehensive rehabilitation;

G. WHEREAS, Stanton Inn Developer has obtained from the California Tax Credit Allocation Committee an allocation of 9% tax credits to fund the comprehensive rehabilitation necessary for the “Permanent Supportive Housing” phase of the Stanton Inn Project and does not require the use of the First Installment Balance or the Years 2-5 Balance) for “Interim Housing” operations or otherwise;

H. WHEREAS, on or about November 17, 2020, the Authority entered into that certain Affordable Housing Grant and Regulatory Agreement (the “**Tahiti Grant Agreement**”) with JHC-Beach2 LLC (“**Tahiti Developer**”) pursuant to which Authority granted to Tahiti Developer a Homekey matching grant in the amount of One Million Nine Hundred Sixty One Thousand Four Hundred Thirty Eight Dollars (\$1,961,438) (the “**Tahiti Grant**”), paid in one lump sum, to, among other things, rehabilitate that certain sixty (60) unit motel located at 11850 Beach Boulevard, Stanton, CA 90680 (“**Tahiti Motel**”) and operate it for no more than five years as interim housing, then convert it to permanent supportive housing under similar terms and conditions as the Stanton Inn Project (the “**Tahiti Project**”); and

I. WHEREAS, due to increased costs associated with development of the Tahiti Project, Tahiti Developer has a need for additional funds beyond the Tahiti Grant and has requested that the First Installment Balance be transferred to Tahiti Developer for use on the Tahiti Project.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Financing. Section 2.1 of the Stanton Inn Grant Agreement is hereby amended and restated as follows (*new language in bold*):

“Amount and Source of Authority Grant. In order to assist in the operation of the Hotel as Interim Housing for the Target Population within the territorial limits of the City, Authority shall, subject to the terms and conditions set forth herein, and provided Grantee is not in default of this Agreement, provide Grantee financial assistance in the form of a grant not to exceed the sum of Three Million Thirty-Eight Thousand Five Hundred Sixty-Two Dollars (\$3,038,562.00) (“**Authority Grant**”). The source of the Authority Grant is the City of Stanton Housing Authority Fund. Any Authority Grant funds that have not been disbursed by the end of the Interim Housing Period shall be forfeited by Grantee, and the Authority shall be under no obligation to disburse the balance of Authority Grant Funds. Any Authority Grant Funds that have been disbursed but not expended by the end of the Interim Housing Period must be returned to the Authority with accrued interest at a rate of 10% per annum from date due until date paid. Any such funds returned by check shall be made payable to the Authority and shall be mailed to the Authority at the address

set forth in Section 7.2, no later than thirty (30) calendar days after the end of the Interim Housing Period. **Notwithstanding anything to the contrary herein, by mutual written agreement of the Authority and Grantee, Grantee may, without penalty, at any time forfeit to the Authority any amount of the Authority Grant that is not required for Grantee's use, for Authority to apply in its discretion."**

2. Transfer of First Installment Balance to Tahiti Developer. Stanton Inn Developer and Authority agree to transfer the First Installment Balance of the Stanton Inn Grant to Tahiti Developer for use on the Tahiti Project under the same terms and conditions applied to the Tahiti Grant under the Tahiti Grant Agreement.
3. Stanton Inn Developer hereby irrevocably forfeits to the Authority the Years 2-5 Balance.
4. Remaining Provisions. Except as otherwise expressly provided in this Amendment, all of the terms and conditions of the Stanton Inn Grant Agreement shall remain in full force and effect.
5. Signatures in Counterpart. This Amendment may be executed in counterparts, each of which, when this Amendment has been signed by the Parties hereto, shall be deemed an original, and such counterparts shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, Authority and Stanton Inn Developer each hereby represents that it has read this Amendment, understands it, and hereby executes this Amendment to be effective as of the day and year first written above.

"AUTHORITY"

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____

Its: _____

"STANTON INN DEVELOPER"

JHC-KATELLA LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit public benefit corporation,
its Manager

By: _____
Michael Massie
Chief Development Officer

Exhibit: B-1

Click here to return to the agenda.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Stanton
7800 Katella Avenue
Stanton, CA 90680
Attn: City Manager

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

**AMENDED AND RESTATED REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)**

by and between

**THE STANTON HOUSING AUTHORITY,
a public body, corporate and politic,**

and

**KATELLA HOUSING PARTNERS LP,
a California limited partnership**

[Dated as of April __, 2022 for reference purposes only]

**AMENDED AND RESTATED REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)**

This AMENDED AND RESTATED REGULATORY AGREEMENT (Stanton Inn & Suites Affordable Housing Project) (“**Regulatory Agreement**”) is made and entered into as of April __, 2022, by and between THE STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and KATELLA HOUSING PARTNERS LP, a California limited partnership (“**Owner**”).

RECITALS

A. The Authority and JHC-Katella LLC, a California limited liability company (the “**Original Owner**”) entered into that certain Affordable Housing Grant and Regulatory Agreement (Stanton Inn & Suites Affordable Housing Project) dated as of December 7, 2020 (the “**Affordable Housing Agreement**”), which provides that the Authority will grant certain funds to the Original Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority agreed to provide financial assistance to the Original Owner for use as a 5-year operating subsidy following the Original Owner’s acquisition of a 72-unit hotel (the “**Hotel**”) located at 7161 Katella Avenue, Stanton, CA (the “**Property**”) and initial use of the Hotel by the Original Owner for Interim Housing, and thereafter, as a 72-unit multifamily permanent supportive housing residential development (the “**Project**”).

B. On or about December 7, 2020, the Authority and the Original Owner executed that certain Regulatory Agreement, which was recorded against the Property on December 7, 2020, as Instrument No. 2020000717473 (the “**Original Regulatory Agreement**”).

C. On or about the same date hereof, the Original Owner assigned to Owner, and Owner assumed from Original Owner, all of Original Owner’s rights and obligations under the Original Regulatory Agreement.

D. The Authority and Owner now wish to enter into this Regulatory Agreement for purposes of amending and restating the Original Regulatory Agreement.

E. The Authority and the Owner desire that, following the initial Interim Housing Period (which period commenced on December 7, 2020, the date of recordation of the Original Regulatory Agreement, and shall not exceed a total of five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to those individuals and households deemed Very Low Income by HCD (*i.e.*, 30% to 50% of AMI) at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term that commenced on December 7, 2020 and continuing for (i) at most five (5) years as Interim Housing, then (ii) for fifty-five (55) years following the recordation of a Certificate of Completion vis-à-vis readiness of the Hotel for operation as

Permanent Supportive Housing (“Term”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period of the Term. Thereafter, the Project will be converted to Permanent Supportive Housing for the fifty-five (55) year Permanent Supportive Housing Period of the Term, which commences after recordation of a Certificate of Completion.

F. Pursuant to this Regulatory Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Property shall be rented to income-qualified tenants at Affordable Rents pursuant to this Regulatory Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Amendment and Restatement of Original Regulatory Agreement. This Regulatory Agreement amends and restates, in its entirety, the Original Regulatory Agreement.

2. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 2. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

2.1. 50% Low Income Household. An individual or household that has a household income equal to or less than fifty percent (50%) of then current AMI adjusted for household size, as published by HCD annually.

2.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

2.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

2.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

2.5. Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

2.6. Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Permanent Supportive Housing to 80% Low Income Households in compliance with the terms and conditions of this Regulatory Agreement.

2.7. Authority Parties. Collectively, the Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives.

2.8. HCD. The California Department of Housing and Community Development.

2.9. HUD. The United States Department of Housing and Urban Development.

2.10. Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by HCD or other governmental agencies.

2.11. Interim Housing Period. The period commencing from the date on which Owner obtains a Certificate of Occupancy until the date when the last Interim Housing resident is relocated to prepare the Hotel for rehabilitation and operation as Permanent Supportive Housing.

2.12. Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

2.13. Manager Unit. The two (2) units within the Project reserved exclusively during the Interim Housing Period, and the one (1) unit within the Project reserved exclusively during the Permanent Supportive Housing Period, for use by the on-site manager or on-site maintenance personnel employed by the Owner or the Property Manager, as applicable.

2.14. Permanent Supportive Housing Period. The period commencing from the date Owner records in the Official Records of Orange County a Certificate of Completion, until the day that is fifty-five (55) years from that day.

2.15. Project. The operation of a multi-family rental housing project which shall include not less than seventy-two (72) units, all but two (2) of which two (2) of which, during the Interim Period, and one (1) of which, during the Permanent Supportive Housing Period, shall be occupied by individuals from the Target Population, during the Interim Housing Period of the

Term, and then rented to Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

2.16. Property. Approximately 1.02 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

2.17. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

2.18. Qualified Households. A household that (1) intends to reside in the Hotel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed 50% AMI.

2.19. Term. The period of time that commenced as of December 7, 2020, with the recordation of the Original Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

2.20. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer’s liability insurance policy or endorsement to a liability insurance policy, with , a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

3. Owner Covenants Regarding Reservation of Property for Affordable Housing. Owner covenants as follows:

3.1. During the Permanent Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. One (1) unit within the Project may be used as a Manager Units at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall

be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

3.2. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not negligently permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.

7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit as set forth in Section 2.2. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit.

7.2. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income

Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. During the Term, Owner shall submit to Authority a rent roll which provides, for each unit, the Qualified Household occupying the unit (for occupied units), the date the tenancy commenced, and the monthly rent, as well as an overall summary of occupancy/vacancy levels, incident and eviction issues, significant repair and maintenance issues, and any move-out reports for Qualified Households that have moved out of the Project (a "**Report**"). The first Report shall be submitted on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, during the first two (2) years of the Term, Owner shall submit a Report to Authority on a quarterly basis, by the last day of the first month immediately following each three-month quarter. Following the first two (2) years of the Term, the Authority and Owner shall meet and confer in good faith regarding Owner's request to submit Reports to Authority on an annual or other less frequent basis, which request Authority will approve or deny in its reasonable discretion. The Authority shall maintain the confidentiality

of the information contained in any Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel. The Authority may, in its reasonable discretion and at any time during the Term, decrease or increase the frequency of the Reports.

8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall 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 any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect

that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, the Executive Director and/or the Authority

shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority's right to assess administrative citations against Owner in accordance with Chapter 1.12 of the Stanton Municipal Code (the "**Municipal Code**") and/or remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) to remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director's selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term "Gross Mismanagement" shall mean management of the Project in a manner which violates the terms of this Regulatory Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. Negligently leasing a unit (other than the Manager Unit) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be and were not discovered by the Property Manager initially through the exercise of ordinary and customary due diligence);
- 11.2.2. Negligently allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws (except if such action was based on fraudulent acts committed by such tenants, which could not be and were not discovered by the Property Manager through the exercise of ordinary and customary due diligence);
- 11.2.3. Under-funding required reserve accounts;

- 11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan after written notice and expiration of the applicable cure period;
- 11.2.5. Failing to submit timely and/or complete reports to the Authority as required herein;
- 11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- 11.2.7. Failing to timely correct any violation of law after being provided a written notice of, and opportunity to cure, such violation issued by the Authority, the City of Stanton, the County of Orange, the State of California, or any instrumentality thereof with jurisdiction over the Project, including but not limited to, the Orange County Sheriff's Department, the Orange County Fire Authority, and any such local health and safety enforcement agency.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use its commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Regulatory Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right. The Authority and the City shall have the right to assess administrative citations in accordance with Chapter 1.12 of the Municipal Code against Owner, Property Manager, and/or any tenant of any unit in the Project, as applicable; provided, however, notwithstanding anything in this Regulatory Agreement to the contrary, neither the Authority nor the City shall have any right to record a notice of administrative pendency pursuant to Section 1.12.40.E of the Municipal Code or record a lien or notice of special assessment on title to the Property pursuant to Section 1.12.130 of the Municipal Code, without the prior written approval of any Senior Lenders.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits,

may include the following services: after school programs of an ongoing nature for school age children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates changing or supplementing Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. Owner shall not, without the prior written consent of the Authority, which consent shall not be unreasonably delayed or withheld, terminate or reduce any social services programs, and in any such request to so terminate or reduce services, Owner shall include an explanation and justification for such termination or reduction. Concurrently with Owner's submittal of any Report pursuant to Section 7.6, Owner shall also provide to the Authority, an economic mobility report (an "**Economic Mobility Report**"). The Economic Mobility Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Economic Mobility Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Regulatory Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- 11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;
- 11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- 11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;
- 11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

11.5.1.5. shall provide that the policy will not be cancelled by the insurer or Ownerr unless there is a minimum of thirty (30) days prior written notice to Authority;

11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and

11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the

parties release each other, and their respective authorized representatives, from any claims for damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor

shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current “Best’s Key Rating Guide—Property/Casualty—United States & Canada” publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of “A-” and a minimum financial size category of “XI” (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above (“**Maintenance Deficiency**”), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. “Maintenance Deficiency” includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the

Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lenders for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lenders for the

Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty Dollars (\$250) per Unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the

Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the units. If any of the Owner's actions to conduct Repairs result in displacement of any of the units' residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement . The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an “**Event of Default**” hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority. Notwithstanding anything to the contrary herein, subject to Section 11.3 above, the Authority, acting on behalf of the City, may also assess administrative citations for each Event of Default in accordance with Chapter 1.12 of the Municipal Code.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of

California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

Katella Housing Partners LP
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Michael Massie, Chief Development
Officer
Phone: (949) 263-8676
Email: mmassie@jamboreehousing.com

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Patrick D. McCalla, Esq.
Phone: (714) 641-5100
Email: pmccalla@rutan.com

BF Stanton Apartments LLLP
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Stanton Apartment
homes
Phone: (800) 829-9213

Holland & Knight LLP
10 St. James Avenue
Boston, Massachusetts 02116
Attention: Kristen M. Cassetta, Esq
Phone: (617) 523-2700

To the Authority:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attention: Jarad Hildenbrand, Executive Director
Phone: (714) 890-4277
Email: jhildenbrand@ci.stanton.ca.us

With copies to:

Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000
Irvine, CA 92612
Attention: HongDao Nguyen, Esq
Phone: (949) 263-2614
Email: hongdao.nguyen@bbklaw.com

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any approvals) or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement or in any other agreement executed by the Authority and the Owner concurrently herewith or thereafter, including any subordination agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; subordinate or attempt to subordinate the Affordable Housing Agreement or this Regulatory Agreement; or (iii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property (or interest therein) shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, resolve disputes with Owner, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not otherwise provided in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes to the number or level of affordability of the units so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive

Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of any number of units in the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

**AUTHORITY SIGNATURE PAGE
TO
REGULATORY AGREEMENT**
(Stanton Inn & Suites Affordable Housing Project)

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Executive Director

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

OWNER:

KATELLA HOUSING PARTNERS LP,
a California limited partnership

By: JHC-Katella MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing Corporation,
a California non-profit public benefit corporation,
its Managing Member

By: _____
Name: Michael Massie
Title: Chief Development Officer

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

Property Legal Description

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

That portion of Section 23, Township 4 South, Range 11 West, in the City of Station, County of Orange, State of California, in the Ranchos Los Coyotes and Los Alamitos, as shown in Book 51, Page 12 of Miscellaneous Maps, in the Office of Orange County, described as follows:

Commencing at the intersection of the compromise boundary line between said Ranchos with the Northerly boundary line of Katella Avenue, as shown on a Map of Survey recorded in Book 13, Page 14, records of Surveys, in the Office of the County Recorder of said County; thence North 88° 45' West along said Northerly line 525.09 feet to the true point of beginning; thence North 0° 48' 30" West 333.58 feet; thence North 89° 02' 30" East 153.22 feet; thence South 0° 48' 30" West 339.44 feet to said North line of Katella Avenue; thence North 88° 46' West 153.28 feet to the true point of beginning.

Except therefrom that portion of the Southwest quarter of fractional Section 23, Township 4 South, Range 11 West, in the Rancho Los Alamitos, shown on map no, attached to the final decree of partition of said Rancho, a certified copy of which was recorded February 2, 1891, in Book 14, Page 31 of Deeds, in the Office of the County Recorder of said County, as described in the deed to Tony Fiamengo, recorded June 19, 1958, in Book 4322, Page 284, Official Records, in the Office of the County Recorder of said County Recorder of said County, that lies Southerly of a line that is parallel and concentric with and 60.00 feet Northerly from the center line of Katella Avenue as shown on the Map of said Tract No. 7294, recorded in Book 272, Page(s) 17 through 20 of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 079-762-61 and 079-762-26

(End of Legal Description)

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

Certification of Tenant Eligibility

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income during the Permanent Supportive Housing Period.

Re: Stanton Inn & Suites Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

| 1. | 2. | 3. | 4. | 5. |
|-------------------------------------|-----------------------------------------|-------|------------------------------|------------------------|
| Names of Members of Household | Relationship to Head of Household | Age | Social Security Number | Place of Employment |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

6. Head of Household (check one):

Mother: _____

Father: _____

Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ _____.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? ___ Yes ___ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____; and

(ii) the amount of such income, if any, that was included in item 6 above:
\$_____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*?
____Yes ____No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____Yes ____No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____ in the County of Orange, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$_____;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$_____

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: \$_____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

The undersigned employee has applied for a rental unit located in a project financed in part by the City of Stanton for persons of very low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at [_____].

Signature Date

Please send to: _____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature Date

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Stanton
7800 Katella Avenue
Stanton, CA 90680
Attn: City Manager

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

AMENDED AND RESTATED REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

by and between

THE STANTON HOUSING AUTHORITY,
a public body, corporate and politic,

and

~~JHC KATELLA LLC,~~
KATELLA HOUSING PARTNERS LP,
a California limited ~~liability company~~ partnership

[Dated as of _____, ~~2020~~ April __, 2022 for reference purposes only]

AMENDED AND RESTATED REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

This AMENDED AND RESTATED REGULATORY AGREEMENT (Stanton Inn & Suites Affordable Housing Project) ("**Regulatory Agreement**") is made and entered into as of 2020 April 1, 2022, by and between THE STANTON HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and JHC KATELLA LLC KATELLA HOUSING PARTNERS LP, a California limited ~~liability company~~ partnership ("**Owner**").

RECITALS

A. The Authority and ~~the JHC-Katella LLC, a California limited liability company~~ (the "**Original Owner**") entered into that certain Affordable Housing Grant and Regulatory Agreement (Stanton Inn & Suites Affordable Housing Project) dated as of December 7, 2020 (the "**Affordable Housing Agreement**"), which provides that the Authority will grant certain funds to the Original Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority ~~has~~ agreed to provide financial assistance to the Original Owner for use as a 5-year operating subsidy following the Original Owner's acquisition of ~~the a~~ 72-unit ~~Hotel~~ hotel (the "**Hotel**") located at 7161 Katella Avenue, Stanton, CA (the "**Property**") and initial use ~~thereof of the Hotel~~ by the Original Owner for Interim Housing, and thereafter, as a 72-unit multifamily permanent supportive housing residential development (the "**Project**").

B. On or about December 7, 2020, the Authority and the Original Owner executed that certain Regulatory Agreement, which was recorded against the Property on December 7, 2020, as Instrument No. 2020000717473 (the "Original Regulatory Agreement").

C. On or about the same date hereof, the Original Owner assigned to Owner, and Owner assumed from Original Owner, all of Original Owner's rights and obligations under the Original Regulatory Agreement.

D. The Authority and Owner now wish to enter into this Regulatory Agreement for purposes of amending and restating the Original Regulatory Agreement.

~~B-E.~~ The Authority and the Owner desire that, following the initial Interim Housing Period (which period commenced on December 7, 2020, the date of recordation of the Original Regulatory Agreement, and shall not exceed a total of five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Households ~~those individuals and households deemed Very Low Income by HCD (i.e., 30% to 50% of AMI)~~ at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement that commenced on December 7, 2020 and continuing for (i) at most

five (5) years as Interim Housing, then (ii) for fifty-five (55) years following the recordation of a Certificate of Completion vis-à-vis readiness of the Hotel for operation as Permanent Supportive Housing (“Term”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period of the Term. Thereafter, the Project will be converted to Permanent Supportive Housing for the subsequent fifty-five (55) years-year Permanent Supportive Housing Period of the Term, which commences after recordation of a Certificate of Completion.

C.F. Pursuant to this Regulatory Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Property shall be rented to income-qualified tenants at Affordable Rents pursuant to this Regulatory Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Amendment and Restatement of Original Regulatory Agreement. This Regulatory Agreement amends and restates, in its entirety, the Original Regulatory Agreement.

1.2. Definitions of Certain Terms. AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1.2. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.

1.2.1. 8050% Low Income Household. An individual or household that has a household income equal to or less than eighty-fifty percent (8050%) of then current AMI adjusted for household size, as published by HCD annually.

1.2.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

1.2.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

1.2.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary

and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

~~1-5-2.5.~~ Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

~~1-6-2.6.~~ Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Hotel is ready to serve as Permanent Supportive Housing to 80% Low Income Households in compliance with the terms and conditions of this Regulatory Agreement.

~~1-7-2.7.~~ Authority Parties. Collectively, the Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives.

~~1-8-2.8.~~ HCD. The California Department of Housing and Community Development.

~~1-9-2.9.~~ HUD. The United States Department of Housing and Urban Development.

~~1-10-2.10.~~ Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by HCD or other governmental agencies.

2.11. Interim Housing Period. The period commencing from the date on which Owner obtains a Certificate of Occupancy until the date when the last Interim Housing resident is relocated to prepare the Hotel for rehabilitation and operation as Permanent Supportive Housing.

~~1-11-2.12.~~ Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

~~1-12-2.13.~~ Manager Unit. The two (2) ~~Units—units~~ within the Project reserved exclusively during the Interim Housing Period, and the one (1) unit within the Project reserved exclusively during the Permanent Supportive Housing Period, for use by the on-site manager or on-site maintenance personnel employed by the Owner or the Property Manager, as applicable.

2.14. Permanent Supportive Housing Period. The period commencing from the date Owner records in the Official Records of Orange County a Certificate of Completion, until the day that is fifty-five (55) years from that day.

~~1.13-2.15.~~ Project. The operation of a multi-family rental housing project which shall include not less than seventy-two (72) units, all but two (2) of which ~~two (2) of which, during the Interim Period, and one (1) of which, during the Permanent Supportive Housing Period,~~ shall be occupied by individuals from the Target Population, during the Interim Housing Period of the Term, and then rented to Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

~~1.14-2.16.~~ Property. Approximately 1.02 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

~~1.15-2.17.~~ Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

~~1.16-2.18.~~ Qualified Households. A household that (1) intends to reside in the Hotel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed ~~the maximum income allowable for the subject unit~~50% AMI.

~~1.17-2.19.~~ Term. The period of time ~~following the date of that commenced as of December 7, 2020, with the~~ recordation of ~~this the Original~~ Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

~~1.18-2.20.~~ Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer’s liability insurance policy or endorsement to a liability insurance policy, with , a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

3. Owner Covenants Regarding Reservation of Property for Affordable Housing. Owner covenants as follows:

~~2.3.1. Reservation of Property for Affordable Housing.~~ During the Permanent

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Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. ~~Two~~ One (21) Units-unit within the Project may be used as ~~Manager's-a Manager~~ Units at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

~~3.3.2. Affordable Multi Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not knowingly or recklessly~~ The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not negligently permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.

7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent

charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit as set forth in Section ~~4.22.2~~. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit ~~as necessary to maintain the tenant income mix specified in Section 6.~~

7.2. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease. ~~In any event, if the income category of a Qualified Household upon recertification is different from the previous income of the Qualified Household, the Owner or Property Manager shall rent the next available unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 6.~~

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying units in accordance with Section 6 and shall provide copies of the rent roll and Income

Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. ~~The During the Term, Owner shall submit its first Annual Report to the Authority to Authority a rent roll which provides, for each unit, the Qualified Household occupying the unit (for occupied units), the date the tenancy commenced, and the monthly rent, as well as an overall summary of occupancy/vacancy levels, incident and eviction issues, significant repair and maintenance issues, and any move-out reports for Qualified Households that have moved out of the Project (a "Report"). The first Report shall be submitted on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to the Authority during the first two (2) years of the Term, Owner shall submit a Report to Authority on a quarterly basis, by the last day of the first month immediately following each three-month quarter. Following the first two (2) years of the Term, the Authority and Owner shall meet and confer in good faith regarding Owner's request to submit Reports to Authority on an annual or other less frequent basis, which request Authority will approve or deny in its reasonable discretion.~~ The Authority shall maintain the confidentiality of the information contained in any ~~Annual~~ Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel. ~~The Authority may, in its reasonable discretion and at any time during the Term, decrease or increase the frequency of the Reports.~~

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8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an

Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall 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 any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and

security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, the Executive Director and/or the Authority shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority’s right to [assess administrative citations against Owner in accordance with Chapter 1.12 of the Stanton Municipal Code \(the “Municipal Code”\)](#) and/or remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) to remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director’s selection

at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term "Gross Mismanagement" shall mean management of the Project in a manner which violates the terms of this Regulatory Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. ~~Knowingly or recklessly Negligently~~ leasing a unit (other than ~~two Manager's Units~~the Manager Unit) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be and were not discovered by the Property Manager initially through the exercise of ordinary and customary due diligence);
- 11.2.2. ~~Knowingly or recklessly Negligently~~ allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws (except if such action was based on fraudulent acts committed by such tenants, which could not be and were not discovered by the Property Manager through the exercise of ordinary and customary due diligence);
- 11.2.3. Under-funding required reserve accounts;
- 11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan after written notice and expiration of the applicable cure period;
- 11.2.5. Failing to submit timely and/or complete ~~annual~~ reports to the Authority as required herein;
- 11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- ~~11.2.7. Failing to timely correct any violation issued by the Orange County Sheriff's Department (the entity currently providing law enforcement services to the Authority) or other local law enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law;~~
- ~~11.2.8. Failing to timely correct any violation issued by the Orange County Fire Authority or other local public safety agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law; and~~
- ~~11.2.9. Failing to timely correct any violation issued by a local health and safety enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law.~~
- 11.2.7. Failing to timely correct any violation of law after being provided a written notice of, and opportunity to cure, such violation issued by the Authority, the City of Stanton, the County of Orange, the State of California, or any instrumentality

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thereof with jurisdiction over the Project, including but not limited to, the Orange County Sheriff's Department, the Orange County Fire Authority, and any such local health and safety enforcement agency.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use its commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Regulatory Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right. The Authority and the City shall have the right to assess administrative citations in accordance with Chapter 1.12 of the Municipal Code against Owner, Property Manager, and/or any tenant of any unit in the Project, as applicable; provided, however, notwithstanding anything in this Regulatory Agreement to the contrary, neither the Authority nor the City shall have any right to record a notice of administrative pendency pursuant to Section 1.12.40.E of the Municipal Code or record a lien or notice of special assessment on title to the Property pursuant to Section 1.12.130 of the Municipal Code, without the prior written approval of any Senior Lenders.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits, may include the following services: after school programs of an ongoing nature for school age children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates making any changes to changing or supplementing Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. Grantee-Owner shall not, without the prior written consent of the Authority, which consent shall not be unreasonably delayed or withheld, terminate or reduce any social services programs, and in any such request to so terminate or reduce services, Owner shall include an explanation and justification for such

termination or reduction. Concurrently with Owner's submittal of any Report pursuant to Section 7.6, Owner shall also provide to the Authority, an ~~annual an economic mobility report (an "Economic Mobility Report")~~. The Economic Mobility Report ("Report"). This Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Economic Mobility Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Regulatory Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- 11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;
- 11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- 11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;
- 11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
- 11.5.1.5. shall provide that the policy will not be cancelled by the insurer or Grantee Ownewr unless there is a minimum of thirty (30) days prior written notice to Authority;
- 11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- 11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "XI" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a "blanket" or "umbrella" insurance

policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above (“**Maintenance Deficiency**”), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. “Maintenance Deficiency” includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may

be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lenders for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lenders for the Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty Dollars (\$250) per Unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and

replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of the Owner's actions to

conduct Repairs result in displacement of any of the Units residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement. The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an **"Event of Default"** hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or

misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority. Notwithstanding anything to the contrary herein, subject to Section 11.3 above, the Authority, acting on behalf of the City, may also assess administrative citations for each Event of Default in accordance with Chapter 1.12 of the Municipal Code.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner: ~~JHC Katella LLC~~[Katella Housing Partners LP](#)
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: ~~Vicky Rodriguez, Senior Director~~[Michael Massie, Chief Development Officer](#)
[Phone: \(949\) 263-8676](#)
[Facsimile: \(949\) 263-0647](#)
Email:
~~vrodiguez@jamboreehousing.com~~[mmassie@jamboreehousing.com](#)

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Patrick D. McCalla, Esq.
~~Facsimile~~Phone: (714) ~~546-9035~~641-5100
Email: pmccalla@rutan.com

[BF Stanton Apartments LLLP](#)
[c/o Boston Financial Investment Management, LP 101 Arch Street,](#)
[13th Floor](#)
[Boston, Massachusetts 02110](#)
[Attention: Asset Management – Stanton Apartment homes](#)
[Phone: \(800\) 829-9213](#)

[Holland & Knight LLP](#)
[10 St. James Avenue](#)
[Boston, Massachusetts 02116](#)
[Attention: Kristen M. Cassetta, Esq](#)
[Phone: \(617\) 523-2700](#)

To the Authority:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attention: Jarad Hildenbrand, Executive Director
~~Facsimile~~Phone:– (714) ~~890-1443~~890-4277
Email: jhildenbrand@ci.stanton.ca.us

With copies to:

Best Best & Krieger LLP
18101 Von Karman Avenue, [Suite 1000](#)
Irvine, CA 92612
Attention: ~~Elizabeth Hull~~[HongDao Nguyen](#), Esq.-
~~Facsimile~~Phone:– (949) ~~260-0972~~263-2614
Email: ~~elizabeth.hull@bbklaw.com~~hongdao.nguyen@bbklaw.com

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any approvals) or by reason of any rule, order or regulation of any department or subdivision thereof

of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

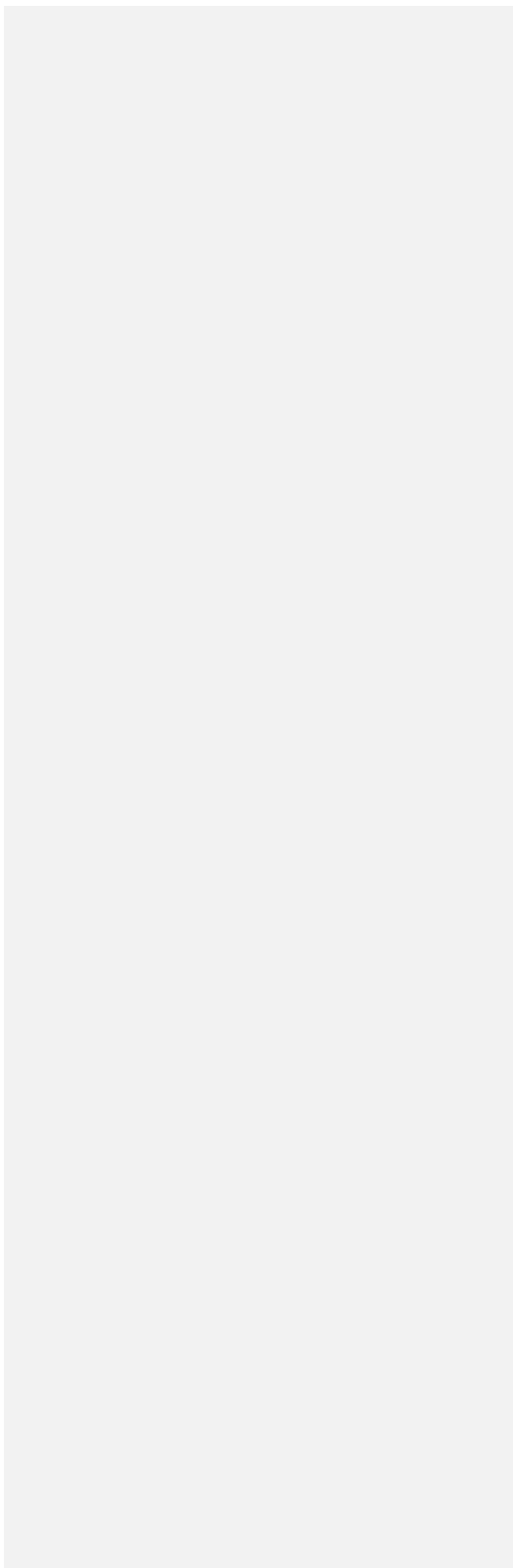
26.1. Except as expressly provided in the Affordable Housing Agreement or in any other agreement executed by the Authority and the Owner concurrently herewith or thereafter, including any subordination agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; ~~or (ii) subordinate or attempt to subordinate the Affordable Housing Agreement or this Regulatory Agreement; or (iii)~~ make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property (or interest therein) shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, resolve disputes with Owner, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not ~~provided~~ otherwise provided in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes ~~in to~~ the number or level of affordability of the units so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of any number of units in the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]



AUTHORITY SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____ Date: _____
Executive Director

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

OWNER:

KATELLA HOUSING PARTNERS LP,
a California limited partnership

~~JHC KATELLA~~ By: JHC-Katella MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing Corporation,
a California ~~nonprofit~~ non-profit public benefit corporation,
its Managing Member

By: _____

~~Laura Archuleta, President and CEO~~

Name: Michael Massie

Title: Chief Development Officer

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

Property Legal Description

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

That portion of Section 23, Township 4 South, Range 11 West, in the City of Station, County of Orange, State of California, in the Ranchos Los Coyotes and Los Alamitos, as shown in Book 51, Page 12 of Miscellaneous Maps, in the Office of Orange County, described as follows:

Commencing at the intersection of the compromise boundary line between said Ranchos with the Northerly boundary line of Katella Avenue, as shown on a Map of Survey recorded in Book 13, Page 14, records of Surveys, in the Office of the County Recorder of said County; thence North 88° 45' West along said Northerly line 525.09 feet to the true point of beginning; thence North 0° 48' 30" West 333.58 feet; thence North 89° 02' 30" East 153.22 feet; thence South 0° 48' 30" West 339.44 feet to said North line of Katella Avenue; thence North 88° 46' West 153.28 feet to the true point of beginning.

Except therefrom that portion of the Southwest quarter of fractional Section 23, Township 4 South, Range 11 West, in the Rancho Los Alamitos, shown on map no. attached to the final decree of partition of said Rancho, a certified copy of which was recorded February 2, 1891, in Book 14, Page 31 of Deeds, in the Office of the County Recorder of said County, as described in the deed to Tony Fiamengo, recorded June 19, 1958, in Book 4322, Page 284, Official Records, in the Office of the County Recorder of said County, that lies Southerly of a line that is parallel and concentric with and 60.00 feet Northerly from the center line of Katella Avenue as shown on the Map of said Tract No. 7294, recorded in Book 272, Page(s) 17 through 20 of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 079-762-61 and 079-762-26

(End of Legal Description)

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Stanton Inn & Suites Affordable Housing Project)

Certification of Tenant Eligibility

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income during the Permanent Supportive Housing Period.

Re: Stanton Inn & Suites Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

| 1. | 2. | 3. | 4. | 5. |
|-------------------------------------|-----------------------------------------|-------|------------------------------|------------------------|
| Names of Members of Household | Relationship to Head of Household | Age | Social Security Number | Place of Employment |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

6. Head of Household (check one):

Mother: _____

Father: _____

Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ _____.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? ___ Yes ___ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$____; and

ATTACHMENT NO. 2

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(ii) the amount of such income, if any, that was included in item 6 above:
\$ _____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*?
____ Yes ____ No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____ Yes ____ No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, ____ in the County of Orange, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$_____;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$_____

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: \$_____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

ATTACHMENT NO. 2

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The undersigned employee has applied for a rental unit located in a project financed in part by the City of Stanton for persons of very low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at [_____].

Signature Date

Please send to: _____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature Date

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Stanton
7800 Katella Avenue
Stanton, CA 90680
Attn: City Manager

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

**AMENDED AND RESTATED REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)**

by and between

**STANTON HOUSING AUTHORITY,
a public body, corporate and politic,**

and

**BEACH2 HOUSING PARTNERS LP,
a California limited partnership**

[Dated as of April ___, 2022 for reference purposes only]

AMENDED AND RESTATED REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

This AMENDED AND RESTATED REGULATORY AGREEMENT (Tahiti Motel Affordable Housing Project) (“**Regulatory Agreement**”) is made and entered into as of April ___, 2022, by and between STANTON HOUSING AUTHORITY, a public body, corporate and politic, (“**Authority**”) and BEACH2 HOUSING PARTNERS LP, a California limited partnership (“**Owner**”).

RECITALS

A. The Authority and JHC-Beach2 LLC, a California limited liability company (the “**Original Owner**”) entered into that certain Affordable Housing Grant and Regulatory Agreement (Tahiti Motel Affordable Housing Project) dated as of November 17, 2020 (the “**Affordable Housing Agreement**”), which provides that the Authority will grant certain funds to the Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority agreed to provide financial assistance to the Owner for use for initial rehabilitation and relocation expenses following Owner’s acquisition of a 60-unit motel (the “**Motel**”) located at 11850 Beach Boulevard, Stanton, CA (the “**Property**”) and the initial use of the Motel by the Owner for Interim Housing, followed by Owner’s rehabilitation of the Motel and use thereafter as a 60-unit multifamily Permanent Supportive Housing residential development (the “**Project**”).

B. On or about November 17, 2020, the Authority and the Original Owner executed that certain Regulatory Agreement, which was recorded against the Property on December 4, 2020, as Instrument No. 2020000713140 (the “**Original Regulatory Agreement**”).

C. On or about the same date hereof, the Original Owner assigned to Owner, and Owner assumed from Original Owner, all of Original Owner’s rights and obligations under the Original Regulatory Agreement.

D. The Authority and Owner now wish to enter into this Regulatory Agreement for purposes of amending and restating the Original Regulatory Agreement.

E. The Authority and the Owner desire that, following the initial Interim Housing Period (which period commenced on December 4, 2020, the date of recordation of the Original Regulatory Agreement, and shall not exceed a total of five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to those individuals and households deemed Very Low Income by HCD (*i.e.*, 30% to 50% of AMI) at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term that commenced on December 4, 2020 and continuing for (i) at most five (5) years as Interim Housing, then (ii) for fifty-five (55) years following the recordation of a Certificate of Completion vis-à-vis readiness of the Motel for operation as

Permanent Supportive Housing (“**Term**”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period of the Term. Thereafter, the Project will be converted to Permanent Supportive Housing for the fifty-five (55) year Permanent Supportive Housing Period of the Term, which commences after recordation of a Certificate of Completion.

F. Pursuant to this Regulatory Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Site shall be rented to income-qualified tenants at Affordable Rents pursuant to this Regulatory Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Amendment and Restatement of Original Regulatory Agreement. This Regulatory Agreement amends and restates, in its entirety, the Original Regulatory Agreement.

2. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 2. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

2.1. 50% Low Income Household. An individual or household that has a household income equal to or less than fifty percent (50%) of then current AMI adjusted for household size, as published by HCD annually.

2.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

2.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

2.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

2.5. Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

2.6. Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Permanent Supportive Housing to 50% Low Income Households, in compliance with the terms and conditions of this Regulatory Agreement.

2.7. Authority Parties. Collectively, the Authority and its subcommittees, agents, attorneys, officers, employees, and authorized representatives.

2.8. HCD. The California Department of Housing and Community Development.

2.9. HUD. The United States Department of Housing and Urban Development.

2.10. Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by HCD or other governmental agencies.

2.11. Interim Housing Period. The period commencing from the date on which Owner obtains a Certificate of Occupancy until the date when the last Interim Housing resident is relocated to prepare the Motel for rehabilitation and operation as Permanent Supportive Housing.

2.12. Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

2.13. Manager Unit. The two (2) units within the Project reserved exclusively during the Interim Housing Period, and the one (1) unit within the Project reserved exclusively during the Permanent Supportive Housing Period, for use by the on-site manager or on-site maintenance personnel employed by the Owner or the Property Manager, as applicable.

2.14. Permanent Supportive Housing Period. The period commencing from the date Owner records in the Official Records of Orange County a Certificate of Completion, until the day that is fifty-five (55) years from that day.

2.15. Project. The operation of a multi-family rental housing project which shall include not less than sixty (60) units, all but two (2) of which, during the Interim Period, and one (1) of which, during the Permanent Supportive Housing Period, shall be occupied by individuals from the Target Population, during the Interim Housing Period of the Term, and then rented to

Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

2.16. Property. Approximately 1.45 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

2.17. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

2.18. Qualified Households. A household that (1) intends to reside in the Motel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed 50% AMI.

2.19. Term. The period of time that commenced as of December 4, 2020, with the recordation of the Original Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

2.20. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer’s liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

3. Owner Covenants Regarding Reservation of Property for Affordable Housing. Owner covenants as follows:

3.1. During the Permanent Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. One (1) unit within the Project may be used as a Manager Unit at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall

be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

3.2. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not negligently permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.

7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit as set forth in Section 2.2. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit.

7.2. Determination of Qualified Household income shall be made by the Owner at the time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income

Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, including any Manager's Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. During the Term, Owner shall submit to Authority a rent roll which provides, for each unit, the Qualified Household occupying the unit (for occupied units), the date the tenancy commenced, and the monthly rent, as well as an overall summary of occupancy/vacancy levels, incident and eviction issues, significant repair and maintenance issues, and any move-out reports for Qualified Households that have moved out of the Project (a "**Report**"). The first Report shall be submitted on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, during the first two (2) years of the Term, Owner shall submit a Report to Authority on a quarterly basis, by the last day of the first month immediately following each three-month quarter. Following the first two (2) years of the Term, the Authority and Owner shall meet and confer in good faith regarding Owner's request to submit Reports to Authority on an annual or other less frequent basis, which request Authority will approve or deny in its reasonable discretion. The Authority shall maintain the confidentiality

of the information contained in any Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel. The Authority may, in its reasonable discretion and at any time during the Term, decrease or increase the frequency of the Reports.

8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall 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 any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect

that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of "Gross Mismanagement" (as defined below) of the Project, the Executive Director and/or the Authority

shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority's right to assess administrative citations against Owner in accordance with Chapter 1.12 of the Stanton Municipal Code (the "**Municipal Code**") and/or remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director's selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager, that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term "**Gross Mismanagement**" shall mean management of the Project in a manner which violates the terms of this Regulatory Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. Negligently leasing a unit (other than the Manager Unit) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be and were not discovered by the Property Manager through the exercise of ordinary and customary due diligence);
- 11.2.2. Negligently allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws (except if such action was based on fraudulent acts committed by such tenants, which could not be and were not discovered by the Property Manager through the exercise of ordinary and customary due diligence);
- 11.2.3. Under-funding required reserve accounts;

- 11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan, after written notice and expiration of the applicable cure period;
- 11.2.5. Failing to submit timely and/or complete reports to the Authority as required herein;
- 11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- 11.2.7. Failing to timely correct any violation of law after being provided a written notice of, and opportunity to cure, such violation issued by the Authority, the City of Stanton, the County of Orange, the State of California, or any instrumentality thereof with jurisdiction over the Project, including but not limited to, the Orange County Sheriff's Department, the Orange County Fire Authority, and any such local health and safety enforcement agency.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Regulatory Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right. The Authority and the City shall have the right to assess administrative citations in accordance with Chapter 1.12 of the Municipal Code against Owner, Property Manager, and/or any tenant of any unit in the Project, as applicable; provided, however, notwithstanding anything in this Regulatory Agreement to the contrary, neither the Authority nor the City shall have any right to record a notice of administrative pendency pursuant to Section 1.12.40.E of the Municipal Code or record a lien or notice of special assessment on title to the Property pursuant to Section 1.12.130 of the Municipal Code, without the prior written approval of any Senior Lenders.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits, may include the following services: after school programs of an ongoing nature for school age

children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates changing or supplementing Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. Owner shall not, without the prior written consent of the Authority, which consent shall not be unreasonably delayed or withheld, terminate or reduce any social services programs, and in any such request to so terminate or reduce services, Owner shall include an explanation and justification for such termination or reduction. Concurrently with Owner's submittal of any Report pursuant to Section 7.6, Owner shall also provide to the Authority, an economic mobility report (an "**Economic Mobility Report**"). The Economic Mobility Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Economic Mobility Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Regulatory Agreement, duplicate originals or appropriate endorsements of commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- 11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;
- 11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- 11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;
- 11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
- 11.5.1.5. shall provide that the policy will not be cancelled by the insurer or Owner

unless there is a minimum of thirty (30) days prior written notice to Authority;

11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and

11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current “Best’s Key Rating Guide—Property/Casualty—United States & Canada” publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of “A-” and a minimum financial size category of “XI” (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a “blanket” or “umbrella” insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above (“**Maintenance Deficiency**”), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. “Maintenance Deficiency” includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to

the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty Dollars (\$250) per unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall

include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a

qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, “**Repairs**”) in good faith and in a manner that does not result in the displacement of any of the residents of the units. If any of the Owner’s actions to conduct Repairs result in displacement of any of the units’ residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement . The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner’s legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an “**Event of Default**” hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement, after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has

commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority. Notwithstanding anything to the contrary herein, subject to Section 11.3 above, the Authority, acting on behalf of the City, may also assess administrative citations for each Event of Default in accordance with Chapter 1.12 of the Municipal Code.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or

otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

Beach2 Housing Partners LP
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: Michael Massie, Chief Development
Officer
Phone: (949) 263-8676
Email: mmassie@jamboreehousing.com

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Patrick D. McCalla, Esq.
Phone: (714) 641-5100
Email: pmccalla@rutan.com

BF Stanton Apartments LLLP
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Tahiti Apartment
homes
Phone: (800) 829-9213

Holland & Knight LLP
10 St. James Avenue
Boston, Massachusetts 02116
Attention: Kristen M. Cassetta, Esq.
Phone: (617) 523-2700

To the Authority:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attention: Jarad Hildenbrand, Executive Director
Phone: (714) 890-4277
Email: jhildenbrand@ci.stanton.ca.us

With copies to:

Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000
Irvine, CA 92612
Attention: HongDao Nguyen, Esq.
Phone: (949) 263-2614
Email: hongdao.nguyen@bbklaw.com

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any

approvals) or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement or in any other agreement executed by the Authority and the Owner concurrently herewith or thereafter, including any subordination agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; (ii) subordinate or attempt to subordinate the Affordable Housing Agreement or this Regulatory Agreement; or (iii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property (or interest therein) shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, resolve disputes with Owner, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not otherwise provided in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes to the number or level of affordability of the units so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of any number of units in the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

AUTHORITY SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Executive Director

Date: _____

ATTEST:

Authority Secretary

APPROVED AS TO FORM:

Authority Counsel

**OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT**
(Tahiti Motel Affordable Housing Project)

OWNER:

BEACH2 HOUSING PARTNERS LP,
a California limited partnership

By: JHC-Beach2 MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing Corporation,
a California non-profit public benefit corporation,
its Managing Member

By: _____
Name: Michael Massie
Title: Chief Development Officer

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

Property Legal Description

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

THE SOUTH 100.00 FEET OF THAT PORTION OF LOT 13 IN SECTION 25 OF THE "MAP SHOWING RESURVEY OF J.W. BIXBY & CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS" IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 2 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHERLY OF THE SOUTH 20 ACRES OF SAID LOT AND

WESTERLY OF THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE EAST 10 ACRES OF SAID SOUTH 20 ACRES.

APN 131-241-12

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

Certification of Tenant Eligibility

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income, during the Permanent Supportive Housing Period.

Re: Tahiti Motel Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

| 1. | 2. | 3. | 4. | 5. |
|-------------------------------------|-----------------------------------------|-------|------------------------------|------------------------|
| Names of Members of Household | Relationship to Head of Household | Age | Social Security Number | Place of Employment |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

6. Head of Household (check one):

Mother: _____

Father: _____

Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ _____.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? ___ Yes ___ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____; and

(ii) the amount of such income, if any, that was included in item 6 above:
\$_____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*?
____Yes ____No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____Yes ____No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, ____ in the County of Orange, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$_____;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$_____

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: \$_____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

ATTACHMENT NO. 2

- 6 -

The undersigned employee has applied for a rental unit located in a project financed in part by the City of Stanton for persons of very low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at [_____].

Signature Date

Please send to: _____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature Date

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Stanton
7800 Katella Avenue
Stanton, CA 90680
Attn: City Manager

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

AMENDED AND RESTATED REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

by and between

**STANTON HOUSING AUTHORITY,
a public body, corporate and politic,**

and

~~JHC-BEACH2 LLC~~ HOUSING PARTNERS LP,
-a California limited liability company partnership

[Dated as of _____, ~~2020~~ April, 2022 for reference purposes only]

AMENDED AND RESTATED REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

This AMENDED AND RESTATED REGULATORY AGREEMENT (Tahiti Motel Affordable Housing Project) (“**Regulatory Agreement**”) is made and entered into as of _____, 2020 April, 2022, by and between STANTON HOUSING AUTHORITY, a public body, corporate and politic, (“**Authority**”) and JHC-BEACH2 LLC HOUSING PARTNERS LP, a California limited liability company partnership (“**Owner**”).

RECITALS

A. The Authority and JHC-Beach2 LLC, a California limited liability company (the “**Original Owner**”) entered into that certain Affordable Housing Grant and Regulatory Agreement (Tahiti Motel Affordable Housing Project) dated as of November 17, 2020 (the “**Affordable Housing Agreement**”), which provides that the Authority will grant certain funds to the Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority ~~has~~ agreed to provide financial assistance to the Owner for use for initial rehabilitation and relocation expenses following Owner’s acquisition of ~~the~~ a 60-unit motel (the “Motel”) located at 11850 Beach Boulevard, Stanton, CA (the “Property”) and the initial use ~~thereof of the Motel~~ by the Owner for Interim Housing, followed by Owner’s rehabilitation of the Motel and use thereafter as a 60-unit multifamily Permanent Supportive Housing residential development (the “**Project**”).

B. On or about November 17, 2020, the Authority and the Original Owner executed that certain Regulatory Agreement, which was recorded against the Property on December 4, 2020, as Instrument No. 2020000713140 (the “Original Regulatory Agreement”).

C. On or about the same date hereof, the Original Owner assigned to Owner, and Owner assumed from Original Owner, all of Original Owner’s rights and obligations under the Original Regulatory Agreement.

D. The Authority and Owner now wish to enter into this Regulatory Agreement for purposes of amending and restating the Original Regulatory Agreement.

B.E. The Authority and the Owner desire that, following the initial Interim Housing Period (which period ~~shall not exceed~~ commenced on December 4, 2020, the date of recordation of the Original Regulatory Agreement, and shall not exceed a total of five (5) years), the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Household ~~those individuals and households deemed Very Low Income by HCD (i.e., 30% to 50% of AMI)~~ at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property during both the Interim Housing and Permanent Supportive Housing Periods. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term ~~commencing that commenced~~ on the date of recordation of this Regulatory Agreement December 4, 2020 and continuing for (i) at most five (5) years as Interim Housing, then (ii) for fifty ~~five~~ (55) years following the

recording of a Certificate of Completion vis-à-vis readiness of the Motel for operation as Permanent Supportive Housing (“Term”). More specifically, the Project will serve as Interim Housing for the Target Population during the Interim Housing Period of the Term. Thereafter, the Project will be converted to Permanent Supportive Housing for the subsequent fifty-five (55) years of the Term year Permanent Supportive Housing Period of the Term, which commences after recording of a Certificate of Completion.

C.F. Pursuant to this Regulatory Agreement, during the Permanent Supportive Housing Period of the Term, all of the units in the housing complex on the Site shall be rented to income-qualified tenants at Affordable Rents pursuant to this Regulatory Agreement, as that term is defined herein and in the Affordable Housing Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Amendment and Restatement of Original Regulatory Agreement. This Regulatory Agreement amends and restates, in its entirety, the Original Regulatory Agreement.

1.2. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1.2. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

1.2.1. 8050% Low Income Household. An individual or household that has a household income equal to or less than eighty percent (8050%) of then current AMI adjusted for household size, as published by HCD annually.

1.2.2. Affordable Rent. In reference to each unit, during the Permanent Supportive Housing Period of the Term, the maximum rent, with allowance for utilities, for the applicable household income as published by the HCD annually adjusted for family size. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or other regulations as required by the Homekey Program.

1.2.3. AMI. The Area Median Family Income or AMI for Orange County means the most recent applicable county median family income published by HCD.

1.2.4. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority,

which approval shall not be unreasonably withheld, delayed or conditioned.

~~1.5.2.5.~~ Certificate of Occupancy. The written certification from the Authority or City, in substantially the form of Attachment No. 6 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Interim Housing to the Target Population, in compliance with the terms and conditions of this Regulatory Agreement.

~~1.6.2.6.~~ Certificate of Completion. The written certification of the Authority, in substantially the form of Attachment No. 7 attached to the Affordable Housing Agreement, certifying that the Motel is ready to serve as Permanent Supportive Housing to ~~80~~50% Low Income Households, in compliance with the terms and conditions of this Regulatory Agreement.

~~1.7.2.7.~~ Authority Parties. Collectively, the Authority and its subcommittees, agents, attorneys, officers, employees, and authorized representatives.

~~1.8.2.8.~~ HCD. The California Department of Housing and Community Development.

~~1.9.2.9.~~ HUD. The United States Department of Housing and Urban Development.

~~1.10.2.10.~~ Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by HCD or other governmental agencies.

2.11. Interim Housing Period. The period commencing from the date on which Owner obtains a Certificate of Occupancy until the date when the last Interim Housing resident is relocated to prepare the Motel for rehabilitation and operation as Permanent Supportive Housing.

~~1.11.2.12.~~ Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

~~1.12.2.13.~~ Manager Unit. The two (2) ~~Units~~units within the Project reserved exclusively during the Interim Housing Period, and the one (1) unit within the Project reserved exclusively during the Permanent Supportive Housing Period, for use by the on-site manager or on-site maintenance personnel employed by the Owner or the Property Manager, as applicable.

2.14. Permanent Supportive Housing Period. The period commencing from the date Owner records in the Official Records of Orange County a Certificate of Completion, until the day that is fifty-five (55) years from that day.

~~1.13.2.15.~~ Project. The operation of a multi-family rental housing project which shall

include not less than sixty (60) units, all but two (2) of which, during the Interim Period, and one (1) of which, during the Permanent Supportive Housing Period, shall be occupied by individuals from the Target Population, during the Interim Housing Period of the Term, and then rented to Qualified Households at Affordable Rents, during the Permanent Supportive Housing Period of the Term, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement.

1.14.2.16. Property. Approximately 1.45 acres of land area located in the City of Stanton, County of Orange, State of California, which is more particularly described in the legal description attached hereto as Attachment No. 1.

1.15.2.17. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Orange, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County of Orange at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.16.2.18. Qualified Households. A household that (1) intends to reside in the Motel during either the Interim Housing Period or the Permanent Supportive Housing Period; and (2)(a) during the Interim Housing Period, is a member of the Target Population; and (2)(b) during the Permanent Supportive Housing Period, whose income does not exceed ~~the maximum income allowable for the subject unit~~ 50% AMI.

1.17.2.19. Term. The period of time ~~following that~~ commenced as of December 4, 2020, with the date of recordation of ~~this~~ the Original Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

1.18.2.20. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer’s liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of the Owner.

3. Owner Covenants Regarding Reservation of Property for Affordable Housing. Owner covenants as follows:

2.3.1. During the Permanent Supportive Housing Period, the Owner covenants and agrees to reserve and restrict the Property for use and residential occupancy of the units by

households who, at the time of initial occupancy of a unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualified Household. ~~Two (2) Units~~ One (1) unit within the Project may be used as ~~Manager's Units~~ a Manager Unit at any given time. Notwithstanding anything to the contrary in this Regulatory Agreement, Owner shall be permitted to and shall use the Property as Interim Housing during the period prior to issuance of a Certificate of Completion for the substantial rehabilitation to be performed as implementation of the Project, and all provisions in this Regulatory Agreement restricting the use of the Property by rental to Qualified Households at an Affordable Rent and all certification and reporting requirements related thereto shall not be applicable until such time as a Certificate of Completion has been issued.

~~3.3.2. Affordable Multi-Family Residential Rental Property Restrictive Covenant.~~ The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project, during the Permanent Supportive Housing Period, to provide multi-family residential rental housing in the units only to Qualified Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Sections 4 and 5 of the Affordable Housing Agreement to rehabilitate the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. During the Permanent Supportive Housing Period, the Owner will not ~~knowingly or recklessly~~ negligently permit any unit to be used on a transient basis and will not lease or rent any unit for an initial period of less than twelve (12) months. No unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Units. The Owner covenants that each unit shall be occupied or available for occupancy during the Interim Housing Period by Qualified Households from the Target Population and during the Permanent Supportive Housing Period by Qualified Households at an Affordable Rent on a continuous basis throughout the Term.

7. Affordable Rent. During the Permanent Supportive Housing Period, the monthly rent charged to a Qualified Household for the occupancy of a unit shall never exceed an Affordable Rent for such unit as set forth in Section ~~12~~ 12.2. The following provisions apply only during the Permanent Supportive Housing Period.

7.1. Rent for units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent during the Permanent Supportive Housing Period for each unit must never exceed an Affordable Rent for the unit ~~as necessary to maintain the tenant income mix specified in Section 6.~~

7.2. Determination of Qualified Household income shall be made by the Owner at the

time of initial application by an individual or family for occupancy of a unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. Each calendar year during the Term, the Owner shall require each Qualified Household occupying a unit to recertify the Qualified Household's income on the Income Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a unit or by a Qualified Household occupying a unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualified Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualified Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualified Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualified Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a unit or be grounds for termination of Qualified Household's occupancy of a unit.

7.3. If, upon any recertification, the income of a previously Qualified Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualified Household, then the Owner or Property Manager shall notify such household that its lease for its unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualified Household upon recertification prior to the expiration of its lease. ~~In any event, if the income category of a Qualified Household upon recertification is different from the previous income of the Qualified Household, the Owner or Property Manager shall rent the next available unit to a Qualified Household with an income level that will maintain the tenant income level mix set forth in Section 6.~~

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of units and by Qualified Households that occupied or are occupying units in accordance with Section 6 and shall provide copies of the rent roll and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualified Household occupying a unit shall permit the Authority to conduct inspections of the Property, the Project and each unit, including any Manager's Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. ~~The Owner shall submit its first Annual Report to the Authority During the Term, Owner shall submit to Authority a rent roll which provides, for each unit, the Qualified~~

Household occupying the unit (for occupied units), the date the tenancy commenced, and the monthly rent, as well as an overall summary of occupancy/vacancy levels, incident and eviction issues, significant repair and maintenance issues, and any move-out reports for Qualified Households that have moved out of the Project (a “Report”). The first Report shall be submitted on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, ~~on each April 30~~ during the first two (2) years of the Term, ~~the Owner shall submit an Annual Report to the Authority on a quarterly basis, by the last day of the first month immediately following each three-month quarter.~~ Following the first two (2) years of the Term, the Authority and Owner shall meet and confer in good faith regarding Owner’s request to submit Reports to Authority on an annual or other less frequent basis, which request Authority will approve or deny in its reasonable discretion. The Authority shall maintain the confidentiality of the information contained in any ~~Annual~~ Report specifically relating to any particular Qualified Household occupying a unit, to the extent reasonably allowed by Law, as determined by the Authority’s general or special counsel. The Authority may, in its reasonable discretion and at any time during the Term, decrease or increase the frequency of the Reports.

8. The Owner Covenant Regarding Lease of Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any unit is rented or leased during the Term, the rental or lease of the unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

8.1. A Qualified Household shall be the record tenant and only occupant of the unit.

8.2. The lease for each unit shall be for an initial term of not less than twelve (12) months.

8.3. Each lease for a unit shall contain all of the following provisions:

8.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualified Household occupying a unit, where one or more members of that Qualified Household misrepresented any fact material to the qualification of such household as a Qualified Household;

8.3.2. An agreement providing that each Qualified Household occupying a unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the unit;

8.3.3. An agreement providing that each Qualified Household occupying a unit may be subject to rental increases in accordance with this Regulatory Agreement; and

8.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

8.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualified Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualified Household is no longer a Qualified Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualified Household or a refusal to renew the lease or rental agreement of a Qualified Household.

8.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

8.5.1. are consistent with the purpose of providing Target Population assistance (during the Interim Housing Period) and affordable rental housing for Qualified Households at an Affordable Rent (during the Permanent Supportive Housing Period);

8.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a unit;

8.5.3. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in the City of Stanton, including those that are involuntarily displaced by natural disaster, or by activities of the Authority, including but not limited to priority placement on a written waiting list of available units;

8.5.4. subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of households residing in, employed in, or offered employment in the City of Stanton, including but not limited to priority placement on a written waiting list of available units;

8.5.5. provide for the selection of tenants from a written waiting list in the chronological order of their application subject to Sections 8.5.3 and 8.5.4, insofar as is practicable;

8.5.6. give prompt written notice to any rejected applicant of the grounds for rejection;

8.5.7. provide for all of the units to be available for occupancy on a continuous basis to Qualified Households, and during the Permanent Supportive Housing Period, at an Affordable Rent; and

8.5.8. do not give preference to any particular class or group of persons in leasing or renting the units, except as provided in Sections 8.5.3 and 8.5.4 and to the extent that a tenant must be a Qualified Household.

9. Non-Discrimination. All units in the Project shall be available throughout the Term for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender

identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit. Neither the Owner nor any person claiming under or through the Owner, shall 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 any unit or in connection with the employment of persons for the operation and management of any unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

10. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the units.

11. Management of the Project.

11.1. Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County of Orange. Owner may contract with a property management company or property manager, to operate and maintain the Project; provided, however, the selection and hiring of the Property Manager (and each successor or assignee), including any Affiliate, is and shall be subject to prior written approval of the Executive Director (or designee), which approval shall not be unreasonably withheld, conditioned, or delayed. The Property Manager shall manage the Project in accordance with the definitions of Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have significant and relevant prior experience with affordable housing projects and properties comparable to the Project and the references and credit record of such property manager/company shall be investigated (or caused to be investigated) by Owner prior to submitting the name and qualifications of such proposed property manager to the Executive Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Executive Director-. Approval of a Property Manager by the Executive Director shall not be unreasonably withheld, conditioned, or delayed, and the

Executive Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing property management of the Project on either a temporary or permanent basis. The replacement of a Property Manager by Owner and/or the selection by Owner of any new or different Property Manager during the Term shall also be subject to the foregoing requirements, except in the case of temporary management by a lender or limited partner of Owner, which shall be immediately submitted to Authority for approval and will not last longer than is reasonably necessary to locate a suitable replacement property manager, but in no event shall such temporary management continue for longer than 60 days.

11.2. Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, the Executive Director and/or the Authority shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further, subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from the Executive Director-. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 30th day from the date of written notice (with evidence of such submitted to the Executive Director), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional thirty (30) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding sixty (60) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.3.4 and 11.3.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering the Authority’s right to assess administrative citations against Owner in accordance with Chapter 1.12 of the Stanton Municipal Code (the “Municipal Code”) and/or remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions of Gross Mismanagement. If such condition(s) do persist beyond such period, then subject to the prior written approval of any senior lender and the limited partner of the limited partnership to be established by Owner to complete the rehabilitation work, the Executive Director shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) ~~to~~ remove the Property Manager and replace the Property Manager with a new property manager of the Executive Director’s selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager, that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term “**Gross Mismanagement**” shall mean management of the Project in a manner which violates the terms of this Regulatory Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- 11.2.1. ~~Knowingly or recklessly~~Negligently leasing a unit (other than the ~~two Manager’s Units~~Manager Unit) to tenants who exceed or households that do not qualify as a Qualified Household (except if such action was based on fraudulent documents

submitted by such tenant in the course of application for occupancy of a unit, which could not be and were not discovered by the Property Manager ~~initially~~ through the exercise of ordinary and customary due diligence);

11.2.2. ~~Knowingly or recklessly~~ Negligently allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws; (except if such action was based on fraudulent acts committed by such tenants, which could not be and were not discovered by the Property Manager through the exercise of ordinary and customary due diligence);

11.2.3. Under-funding required reserve accounts;

11.2.4. Failing to timely maintain the Project in accordance with the Property Management Plan, after written notice and expiration of the applicable cure period;

11.2.5. Failing to submit timely and/or complete ~~annual~~ reports to the Authority as required herein;

11.2.6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

~~11.2.7. Failing to timely correct any violation of law after being provided a written notice of, and opportunity to cure, such violation issued by the Orange County Sheriff's Department (the entity currently providing law enforcement services to the Authority), the City of Stanton, the County of Orange, the State of California, or other local law enforcement agency(ies) any instrumentality thereof with jurisdiction over the Project after being provided a written notice of such violation of law;~~

~~11.2.8. Failing to timely correct any violation issued by, including but not limited to, the Orange County Sheriff's Department, the Orange County Fire Authority or other local public safety agency(ies) with jurisdiction over the Project after being provided a written notice of, and any such violation of law; and~~

~~11.2.9. 11.2.7. Failing to timely correct any violation issued by a local health and safety enforcement agency(ies) with jurisdiction over the Project, after being provided a written notice of such violation of law.~~

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Regulatory Agreement within any contract between Owner and its Property Manager for the Project.

11.3. Code Enforcement. Owner acknowledges and agrees that the Authority, and their employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the units, both exterior and interior, at reasonable times and upon reasonable notice (not less than forty-eight (48) hours' prior notice, except in an

emergency) to Owner and/or an individual tenant. If such notice is provided by Authority representative(s) to Owner, then Owner (or its Property Manager) shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or unit(s) at the Project to be made available and open for inspection. Owner shall include express advisement of such inspection rights within the lease/rental agreements for each unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right. The Authority and the City shall have the right to assess administrative citations in accordance with Chapter 1.12 of the Municipal Code against Owner, Property Manager, and/or any tenant of any unit in the Project, as applicable; provided, however, notwithstanding anything in this Regulatory Agreement to the contrary, neither the Authority nor the City shall have any right to record a notice of administrative pendency pursuant to Section 1.12.40.E of the Municipal Code or record a lien or notice of special assessment on title to the Property pursuant to Section 1.12.130 of the Municipal Code, without the prior written approval of any Senior Lenders.

11.4. Onsite Services. During the Permanent Supportive Housing Period, Owner shall provide a variety of social services at the Project. Owner shall use its best efforts to create a comprehensive social service program that is targeted to the needs of the residents of the Project which, in addition to including all of the services listed in Owner's application for Tax Credits, may include the following services: after school programs of an ongoing nature for school age children, and the availability of a bona fide services coordinator or social worker to the tenants. Owner shall ensure that all personnel providing or coordinating all social services shall be adequately trained and counseled. After commencement of the Permanent Supportive Housing Period, within thirty (30) days after Owner has initially leased fifty percent (50%) of the units, Owner shall provide Authority with a list and summary of the social services Owner will provide at the Project. Owner shall promptly notify the Authority, in writing, whenever Owner anticipates ~~making any changes to~~ changing or supplementing Owner's social services program, which notification shall set forth, with specificity, the anticipated changes. ~~Grantee shall also provide to the Authority, an annual an Economic Mobility Report ("Report"). This~~ Owner shall not, without the prior written consent of the Authority, which consent shall not be unreasonably delayed or withheld, terminate or reduce any social services programs, and in any such request to so terminate or reduce services, Owner shall include an explanation and justification for such termination or reduction. Concurrently with Owner's submittal of any Report pursuant to Section 7.6, Owner shall also provide to the Authority, an economic mobility report (an "Economic Mobility Report"). The Economic Mobility Report will summarize program activities designed to encourage self-sufficiency and promotion to market-rate housing. The Economic Mobility Report will include information regarding the programs offered, the attendance, and number of residents that successfully transitioned to market-rate housing.

11.5. Insurance.

11.5.1. Required Insurance. During the Interim Housing Period, Owner shall certify in writing to Authority that it is in compliance with the Homekey Program insurance requirements, as set forth in Article VI, section 600 of the HCD Homekey Notice of Funding Availability (NoFA). During the Permanent Supportive Housing Period, Owner shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of this Regulatory Agreement, duplicate originals or appropriate endorsements of

commercial general liability insurance policies in the amount of at least Two Million Dollars (\$2,000,000) combined single limits, naming Authority and its officers, employees, and agents as additional insureds or co-insureds. Owner shall also furnish or cause to be furnished to Authority evidence of builder's risk coverage written on a completed value basis in an amount equal to the full replacement cost of the improvements with coverage available on the so-called non-reporting "all risk" form of policy, including coverage against collapse, fire, and water damage, with such insurance to be in such amounts and form and written by such companies as shall be approved by Authority. Such policy shall name Authority as a loss payee. The foregoing insurance policies:

- 11.5.1.1. shall be primary insurance and not contributory with any other insurance which Authority may have;
- 11.5.1.2. shall contain no special limitations on the scope of protection afforded to Authority and its officers, employees, agents, and representatives;
- 11.5.1.3. shall be "date of occurrence" and not "claims made" insurance;
- 11.5.1.4. shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
- 11.5.1.5. shall provide that the policy will not be cancelled by the insurer or ~~Grantee~~Owner unless there is a minimum of thirty (30) days prior written notice to Authority;
- 11.5.1.6. shall be written by a good and solvent insurer admitted in California and registered with the California State Department of Insurance; and
- 11.5.1.7. shall be endorsed to state that any failure to comply with the reporting provisions of the policies shall not affect coverage provided to Authority.

Owner shall also furnish or cause to be furnished to Authority evidence reasonably satisfactory to Authority that Owner's Contractor carries workers' compensation insurance as required by law.

Owner agrees that the provisions of this Section 11.5.1 shall not be construed as limiting in any way the extent to which Owner may be held responsible for the payment of damages to any persons or property resulting from Owner's activities or the activities of any person or persons for which Owner is otherwise responsible. No later than five (5) days after the Effective Date, Owner shall provide evidence of the above-required insurance (such as Certificates of Insurance of appropriate insurance binders) and obtain approval thereof from Authority, which approval shall not be unreasonably withheld or delayed and may be waived in Authority's sole and absolute discretion. Evidence of builder's risk coverage may be provided after Owner receives all necessary construction financing.

11.5.2. Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the

Owner's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to the Authority by certified mail, return receipt requested; provided that if a thirty (30) days' notice of cancellation endorsement is not available the Owner shall notify the Authority of this unavailability in writing and shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner; and further provided, however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included, to the extent commercially available, in the cancellation wording of any certificates or policies of insurance applicable to the Authority Parties pursuant to this Regulatory Agreement.

11.5.3. Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

11.5.4. No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

11.5.5. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 11.5 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

11.5.6. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 11.5.6 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

11.5.7. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance

policy required by this Section 11.5 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

11.5.8. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

11.5.9. Insurance Independent of Indemnification. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

11.5.10. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in the current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "XI" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above ("**Maintenance Deficiency**"), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. "Maintenance Deficiency" includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the

common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce the lien in the manner as provided in Section 12.3.

12.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall become a lien on the Project, the lien priority of which shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by the Authority to the Owner, the Authority shall have the right to enforce its lien in the manner as provided in Section 12.3.

12.3. The parties hereto further mutually understand and agree that the rights conferred upon the Authority under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required

under this Section 12, including attorneys' fees and costs of the Authority associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of the Authority in connection with such action. The lien priority of any such lien shall be determined by the date a Notice of Lien is recorded in the Official Records of the County of Orange. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by the Authority in its discretion, cumulative with any other rights or powers granted to the Authority under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of the Authority and other applicable law.

12.4. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Owner's lender(s) for the Project or the investor limited partner of the Owner, but not less than Two Hundred Fifty Dollars (\$250) per unit per year.

12.4.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

12.4.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

12.4.3. Documentation. Annually, or more frequently upon the Authority's written request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

12.4.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from

the Capital Replacement Reserve Account. Amounts so budgeted and approved by the Authority may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without further Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Withdrawals in excess of Twenty-Five Thousand Dollars (\$25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

12.4.5. Interest Earned on Funds in the Capital Replacement Reserve Account.

Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

12.4.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("CNA") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

12.4.7. Displacement of Residents and Relocation. The Owner shall make commercially reasonable efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Unitsunits. If any of the Owner's actions to conduct Repairs result in displacement of any of the Units'units' residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Unitsunits they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority, including as set forth in the Affordable Housing Agreement . The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

13. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the

covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority.

15. Defaults.

15.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an “**Event of Default**” hereunder:

15.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement, after written notice and expiration of the applicable cure period;

15.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is knowingly or recklessly false or misleading in any material respect either now or at the time made or furnished;

15.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

15.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

15.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a “**Notice of Default**”, specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure

as soon as possible, then the Owner may have an additional sixty (60) calendar days to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The parties may further extend this time upon mutual written agreement. The Authority shall give the investor limited partner or limited liability company in the Owner the following notice and cure rights:

15.2.1. The Authority will give the limited partner or limited liability company a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner or limited liability company in writing to the Authority;

15.2.2. The Authority will give the limited partner or limited liability company thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

15.2.3. The Authority will give the limited partner or limited liability company sixty (60) days after the limited partner's or limited liability company's receipt of such Notice to cure any other default under this Regulatory Agreement;

15.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner or limited liability company an additional ninety (90) days to cure such default provided the limited partner or limited liability company has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

15.2.5. If the limited partner or limited liability company makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

15.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority -in asserting any of its rights and remedies shall not deprive the Authority- of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as

necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority. Notwithstanding anything to the contrary herein, subject to Section 11.3 above, the Authority, acting on behalf of the City, may also assess administrative citations for each Event of Default in accordance with Chapter 1.12 of the Municipal Code.

16.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

16.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

17. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

18. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

19. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 19, the words "reasonable attorneys' fees," in the case of the Authority, shall include the salaries, costs and overhead of the Authority Attorney as well as any other legal counsel hired by the Authority in such action, as allocated on an hourly basis.

20. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

21. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

22. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing. Rejection, other refusal to

accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

~~JHC-Beach2, LLC~~ Housing Partners LP
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attention: ~~Vieky Rodriguez, Senior Director~~ Michael Massie, Chief Development Officer
~~Faeximile~~ Phone: (949) 263-06478676
Email: ~~vrodiguez~~ mmassie@jamboreehousing.com

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Patrick D. McCalla, Esq.
~~Faeximile~~ Phone: (714) 546-9035641-5100
Email: ~~pmccalla@rutan.com~~ Email: pmccalla@rutan.com

BF Stanton Apartments LLLP
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Tahiti Apartment homes
Phone: (800) 829-9213

Holland & Knight LLP
10 St. James Avenue
Boston, Massachusetts 02116
Attention: Kristen M. Cassetta, Esq
Phone: (617) 523-2700

To the Authority:

Stanton Housing Authority
7800 Katella Avenue
Stanton, CA 90680
Attention: Jarad Hildenbrand, Executive Director
FaeximilePhone: (714) 890-14434277
Email: jhildenbrand@ci.stanton.ca.us
Email: jhildenbrand@ci.stanton.ca.us

With copies to:

Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000
Irvine, CA 92612
Attention: HongDao Nguyen, Esq.
FaeximilePhone: (949) 260-0972263-2614
Email: hongdao.nguyen@bbklaw.com

23. Force Majeure. Except as otherwise set forth in this Regulatory Agreement, this Regulatory Agreement and the obligations of any of the parties hereunder shall toll if such party is prevented or delayed from performance by reason of any cause beyond the reasonable control of such party including, but not limited to, acts of war, emergency, terrorism, bio-terrorism, governmental preemption in connection with a declared national emergency, disease (including, without limitation, delays arising out of the spread of COVID-19, such as, without limitation, delays in the responsiveness of, or the unavailability of, governmental authorities to grant permit applications or sign-offs, to perform inspections, or to record documents, or the unavailability of required meetings of representatives of governmental agencies necessary to act to grant any approvals) or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency described herein.

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Orange.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement or in any other agreement executed by the Authority and the Owner concurrently herewith or thereafter, including any subordination agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; ~~or (ii) subordinate or attempt to subordinate the Affordable Housing Agreement or this Regulatory Agreement; or (iii)~~ make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property

any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property (or interest therein) shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, resolve disputes with Owner, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not ~~provided~~ otherwise provided in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes ~~into~~ the number or level of affordability of the units- so long as such actions do not reduce the length of affordability of the units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the City Council if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of any number of units in the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

**AUTHORITY SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)**

AUTHORITY:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Executive Director

Date: _____

ATTEST:

Authority Secretary

APPROVED AS TO FORM:

Authority Counsel

**OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)**

OWNER:

JHC-BEACH2 HOUSING PARTNERS LP,
a California limited partnership

By: JHC-Beach2 MGP, LLC,

_____ a California limited liability company,
_____ its Managing General Partner

_____ By: _____ Jamboree Housing Corporation,
_____ a California ~~nonprofit~~non-profit public benefit corporation,

By: _____
_____ ~~Laura Archuleta, President and CEO~~

_____ its Managing Member

By: _____
_____ Name: Michael Massie
_____ Title: Chief Development Officer

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

Property Legal Description

That certain property located in the City of Stanton, County of Orange, State of California, described as follows:

THE SOUTH 100.00 FEET OF THAT PORTION OF LOT 13 IN SECTION 25 OF THE "MAP SHOWING RESURVEY OF J.W. BIXBY & CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS" IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 2 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHERLY OF THE SOUTH 20 ACRES OF SAID LOT AND

WESTERLY OF THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE EAST 10 ACRES OF SAID SOUTH 20 ACRES.

APN 131-241-12

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

Certification of Tenant Eligibility

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income, during the Permanent Supportive Housing Period.

Re: Tahiti Motel Affordable Housing Project, Stanton, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

| 1. | 2. | 3. | 4. | 5. |
|-------------------------------------|-----------------------------------------|-------|------------------------------|------------------------|
| Names of Members of Household | Relationship to Head of Household | Age | Social Security Number | Place of Employment |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

6. Head of Household (check one):

Mother: _____

Father: _____

Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is \$ _____.

Included in the total anticipated income listed above are:

- (a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
- (b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);
- (c) interest and dividends (including income from assets excluded below);
- (d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;
- (e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- (f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;
- (g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;
- (h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and
- (i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

- (a) casual, sporadic or irregular gifts;
- (b) amounts which are specifically for or in reimbursement of medical expenses;
- (c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of

tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000? ___ Yes ___ No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____; and

(ii) the amount of such income, if any, that was included in item 6 above: \$_____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*?
____ Yes ____ No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____ Yes ____ No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect the Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____ in the County of Orange, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: \$ _____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ _____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance;

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ _____;

(c) TOTAL ELIGIBLE INCOME

(Line 1(a) plus line 1(b)(3): \$ _____

2. The amount entered in 1(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: \$ _____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

The undersigned employee has applied for a rental unit located in a project financed in part by the City of Stanton for persons of very low income. Every income statement of a prospective

tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature

Date

Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at [_____].

Signature

Date

Please send to:

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

ATTACHMENT NO. 3
TO
REGULATORY AGREEMENT
(Tahiti Motel Affordable Housing Project)

**Certificate of Continuing Program Compliance
For Annual Reporting Period Ending _____**

The undersigned, _____, as the authorized representative of _____ LP, a California limited partnership ("Owner"), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Stanton Housing Authority ("Authority"), as established in numerous documents including the Regulatory Agreement, dated as of _____, 2020, between the Owner and the Authority.

As of the date of this Certificate, the following percentage of residential units in the Project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such unit, as indicated:

_____ Number of Units occupied by Qualified Households: _____

_____ Number of Vacant Units: _____

_____ Number of Qualified Households who commenced

_____ Occupancy during the preceding reporting period: _____

Attached is a separate sheet ("Occupancy Summary") listing, among other items, the appropriate information for each residential unit in the Project, the occupants of each unit and the rent paid for each unit. The information contained thereon is true and accurate and reasonable and is based on information submitted to the Owner and is certified under penalty of perjury by each tenant.

{Signatures on following page}

The undersigned hereby certifies that (1) a review of the activities of the Owner during such reporting period and of the Owner's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Owner is not in default under any of the terms and provisions of the above documents.

Dated: _____ OWNER

Jamboree Housing Corporation, a California
nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

OCCUPANCY SUMMARY

Total Number of Units in the Project: _____

Total Units occupied by Qualified Households: _____

Total Units available for rent to Qualified Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

A. ~~Resident and rental information on each occupied apartment in the complex.~~

B. ~~Certification of Tenant Eligibility for all Qualified Households who have moved into _____, Stanton, California, since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.~~

Dated: _____ OWNER:

Jamboree Housing Corporation, a California
nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

ATTACHMENT NO. 3

PROJECT BUDGET

TAHITI MOTEL DEVELOPMENT BUDGET

| DEVELOPMENT SOURCES | Total Project Costs | Closing Draw November 2020 | Draw #1 December 2020 | Draw #2 January 2021 | Draw #3 February 2021 | Draw #4 March 2021 |
|--------------------------------------|---------------------|----------------------------|-----------------------|----------------------|-----------------------|--------------------|
| HOMEKEY Funds | \$9,600,000 | \$9,600,000 | | | | |
| County of Orange Capital Match Funds | \$2,400,000 | \$2,208,756 | \$191,244 | | | |
| City of Stanton Capital Match Funds | \$1,961,438 | | \$563,634 | \$805,681 | \$319,932 | 272,191 |
| TOTAL SOURCES | \$13,961,438 | \$11,808,756 | \$754,878 | \$805,681 | \$319,932 | \$ 272,191 |

| DEVELOPMENT USES | Total Project Costs | Closing Draw November 2020 | Draw #1 December 2020 | Draw #2 January 2021 | Draw #3 February 2021 | Draw #4 March 2021 |
|-------------------------------------------|---------------------|----------------------------|-----------------------|----------------------|-----------------------|--------------------|
| LAND COST/ACQUISITION | | | | | | |
| Land Cost or Value | \$9,500,000 | \$9,500,000 | | | | |
| Total Land Cost / Acquisition Cost | \$9,500,000 | \$9,500,000 | | | | |
| REHABILITATION | | | | | | |
| Site Work | \$7,500 | | \$7,500 | | | |
| Structures | \$1,148,000 | \$700,000 | \$20,000 | \$142,666 | \$142,667 | 142,667 |
| General Requirements | \$51,030 | | \$5,001 | \$15,343 | \$15,343 | 15,343 |
| Contractor Overhead | \$17,010 | | \$2,500 | \$4,836 | \$4,837 | 4,837 |
| Contractor Profit | \$17,010 | | \$2,500 | \$4,836 | \$4,837 | 4,837 |
| Total Rehabilitation Costs | \$1,240,550 | \$700,000 | \$37,501 | \$167,681 | \$167,684 | \$167,684 |
| Total Relocation Expenses | \$2,496,000 | \$1,355,000 | \$540,500 | \$540,500 | \$60,000 | |
| ARCHITECTURAL FEES | | | | | | |
| Design | \$30,000 | \$20,000 | \$2,500 | \$2,500 | \$2,500 | 2500 |
| Total Architectural Costs | \$30,000 | \$20,000 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| Total Survey & Engineering | \$17,500 | \$10,000 | | \$7,500 | | |
| CONSTRUCTION INTEREST & FEES | | | | | | |
| Title & Recording | \$25,000 | \$25,000 | | | | |
| Taxes | \$180,633 | \$111,256 | \$69,377 | | | |
| Insurance | \$35,000 | \$35,000 | | | | |
| Total Construction Fees | \$240,633 | \$171,256 | \$69,377 | \$0 | \$0 | |
| LEGAL FEES | | | | | | |
| Legal Paid by Applicant | \$65,000 | \$35,000 | \$25,000 | \$5,000 | | |
| Total Attorney Costs | \$65,000 | \$35,000 | \$25,000 | \$5,000 | \$0 | |
| CONTINGENCY COSTS | | | | | | |
| Construction Hard Cost Contingency | \$119,244 | | | \$30,000 | \$39,748 | 49,496 |
| Soft Cost Contingency | \$20,011 | | | \$7,500 | \$5,000 | 7,511 |
| Total Contingency Costs | \$139,255 | \$0 | \$0 | \$37,500 | \$44,748 | \$57,007 |
| OTHER PROJECT COSTS | | | | | | |
| Environmental Audit | \$7,500 | \$7,500 | | | | |
| Permit Processing Fees | \$35,000 | | \$35,000 | | | |
| Furnishings | \$180,000 | | \$45,000 | \$45,000 | \$45,000 | 45,000 |
| Appraisal Costs | \$10,000 | \$10,000 | | | | |
| Total Other Costs | \$232,500 | \$17,500 | \$80,000 | \$45,000 | \$45,000 | \$45,000 |
| TOTAL USES | \$13,961,438 | \$11,808,756 | \$754,878 | \$805,681 | \$319,932 | \$272,191 |

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

| ITEM OF PERFORMANCE | | TIME FOR PERFORMANCE |
|---------------------|----------------------------|----------------------------------------------------------|
| | Closing on Interim Housing | November 30, 2020, or such date as extended by State HCD |
| | Initial Rehabilitation | December 2020-March 2021 |
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It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement. The summary of the items of performance in this Schedule is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule and the text of the Agreement, the text shall govern.

ATTACHMENT NO. 5

GRANTEE'S PRO FORMA

| 5 Year Operating Cash Flow-Tahiti Motel | | | | | | | |
|----------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING SUBSIDY INCOME | Inflation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | TOTAL |
| County of Orange Operating Subsidy | | 1,124,660 | 1,189,223 | 1,976,046 | 2,045,208 | 2,116,791 | 8,451,928 |
| HOMEKEY Operating Subsidy | | 720,000 | 720,000 | | | | 1,440,000 |
| GROSS OPERATING SUBSIDY | | 1,844,660 | 1,909,223 | 1,976,046 | 2,045,208 | 2,116,791 | 9,891,928 |
| | | | | | | | |
| OPERATING EXPENSES | | | | | | | |
| Residential Exp. (w/o Real Estate Taxes & Sup. Services) | 3.5% | 973,089 | 1,008,816 | 1,045,827 | 1,084,168 | 1,123,884 | 5,235,784 |
| Real Estate Taxes | 2.0% | 111,255 | 113,480 | 115,750 | 118,065 | 120,426 | 578,975 |
| Supportive Services Costs | 3.5% | 760,316 | 786,927 | 814,470 | 842,976 | 872,480 | 4,077,169 |
| TOTAL EXPENSES | | 1,844,660 | 1,909,223 | 1,976,046 | 2,045,208 | 2,116,791 | 9,891,928 |

ATTACHMENT NO. 6

CERTIFICATE OF OCCUPANCY

FORM OF CERTIFICATE OF OCCUPANCY

CERTIFICATE OF OCCUPANCY

This Certificate issued pursuant to the requirements of Chapter 1 Section 111 of the 2019 California Building Code certifying that at the time of issuance this structure and use is in compliance with all the applicable ordinances of the City of Stanton, including conditions of approval of the use regulating building construction or use for the following:

Building Address: _____

Owner Name: _____

Owner Address: _____

Tenant Name: _____

Tenant Address: _____

Issued Date: _____

Description: _____

Limitations: _____

Building Permit No: _____

Occupancy Group: _____

Occupancy Load: _____

Square Footage: _____

Construction Type: _____

APN: _____

Zoning: _____

Sprinklers: _____

Date

This certificate shall be posted in a conspicuous place on the premises and shall not be removed except by the Building Official.

~~ATTACHMENT NO. 7~~

~~CERTIFICATE OF COMPLETION~~

~~FORM OF CERTIFICATE OF COMPLETION~~

~~I, the Executive Director of the Stanton Housing Authority (“Authority”), hereby certify as follows:~~

~~Section 1. The Project, required to be constructed in accordance with that certain Affordable Housing Grant And Regulatory Agreement (“Agreement”) dated [INSERT DATE] by and between the Authority and Jamboree Housing Corporation (“Grantee”) on certain real property, as more specifically described in the Agreement (“Property”), has been completed in accordance with the provisions of the Agreement.~~

~~Section 2. This Certificate of Completion shall constitute a conclusive determination by the Authority of Grantee’s satisfaction of its obligation under the Agreement to complete the rehabilitation of the improvements on the Property, excluding any normal and customary tenant improvements and minor building “punch list” items, to prepare the Property for use as Permanent Supportive Housing. The Agreement is an official record of the Authority and a copy of the Agreement may be inspected in the office of the City Clerk located at 7800 Katella Avenue, Stanton, CA 90680, during the regular business hours of the Authority.~~

~~DATED AND ISSUED this _____ calendar day of _____, _____.~~

~~_____, Executive Director~~

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

Banner Bank
5930 Granite Lake Drive, Suite 170
Granite Bay, California 95746
Attention: Stacy Lunardi
Loan No. 14014068

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT
(Stanton Housing Authority)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN CERTAIN INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("**Agreement**"), dated for reference purposes as of April __, 2022, is entered into by and among KATELLA HOUSING PARTNERS LP, a California limited partnership ("**Borrower**"), the STANTON HOUSING AUTHORITY, a public body, corporate and politic, organized and existing under the laws of the State of California ("**Junior Lienholder**"), and BANNER BANK, a Washington corporation ("**Senior Lienholder**").

RECITALS

A. Borrower (i) owns a leasehold interest in certain real estate more particularly described on Exhibit A, and a fee interest in all improvements now or hereafter located thereon (collectively, the "**Real Property**"), and (ii) that certain personal property more particularly described in the Senior Loan Documents (the "**Personal Property**"; together with the Real Property, the "**Property**").

B. Each of the documents listed on Exhibit B together with all other documents and materials entered into with Junior Lienholder with respect to the Property shall be referred to collectively as the "**Junior Obligation Documents**". Borrower and Junior Lienholder have entered into that certain Amended and Restated Regulatory Agreement (Stanton Inn & Suites Affordable Housing Project) dated as of _____, 2022, between Borrower and Junior Lienholder (the "**Housing Authority Regulatory Agreement**"), which is being recorded substantially concurrently herewith in the Official Records of the County of Orange, State of California (the "**Official Records**"). Only those sections of the Housing Authority Regulatory Agreement listed on Exhibit B hereto (the "**Subordinate Housing Authority Regulatory Agreement Provisions**") shall be considered Junior Obligation Documents.

C. As used herein, the term "**Junior Obligations**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Junior Lienholder under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

D. Borrower and Junior Lienholder desire that Senior Lienholder and Borrower enter into that certain Construction Loan Agreement (as amended from time to time, the "**Senior Loan Agreement**") dated as of even date herewith, pursuant to which Senior Lienholder has agreed to make a loan (the "**Senior Loan**") to Borrower in the aggregate principal amount \$_____ in

accordance with the terms and conditions set forth in the Senior Loan Agreement. Borrower's obligations to Senior Lienholder under the Senior Loan Agreement evidenced and/or are secured by, among other things, (i) that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing ("**Senior Deed of Trust**"), dated as of even date herewith, made by Borrower for the benefit of Senior Lienholder and (ii) the other Loan Documents described in the Senior Loan Agreement. The Senior Deed of Trust is being recorded substantially concurrently herewith in the Official Records. The Senior Loan Agreement, the Senior Deed of Trust, and the other Loan Documents (as defined in the Senior Loan Agreement) are hereinafter collectively referred to as the "**Senior Loan Documents**".

E. As used herein, the term "**Senior Lienholder Indebtedness**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Senior Lienholder under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

F. Pursuant to the Senior Deed of Trust and the other Senior Loan Documents, Borrower is not entitled to further encumber the Property without the prior written consent of Senior Lienholder, which consent may be withheld in Senior Lienholder's sole discretion.

G. It is a condition precedent to Senior Lienholder to entering into the Senior Loan Documents and permitting the recordation of any of the Junior Obligation Documents that the Senior Deed of Trust and the other Senior Loan Documents be and remain at all times a lien or charge upon the Property, prior and superior to the liens or charges of the Junior Obligation Documents.

H. Senior Lienholder is willing to permit the recordation of the recordable Junior Obligation Documents, provided that (1) the Senior Deed of Trust and the other Senior Loan Documents are a lien or charge upon the Property prior and superior to the liens or charges of the Junior Obligation Documents, and (2) Junior Lienholder will specifically subordinate the liens or charges of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and the other Senior Loan Documents.

I. Junior Lienholder is willing to allow the Senior Deed of Trust to constitute a lien or charge upon the Property which is prior and superior to the liens or charges of the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

J. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Senior Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Lienholder to make the Senior Loan, it is hereby declared, understood, and agreed as follows:

1. Subordination. The Senior Deed of Trust in favor of Senior Lienholder, and all amendments, modifications, extensions and renewals thereof shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the lien or charge of the Junior Obligation Documents. Junior Lienholder intentionally and unconditionally subordinates the lien or charge of the Junior Obligation Documents in favor of the lien or charge upon said land of the Senior Deed of Trust, and all amendments, modifications, extensions and renewals thereof, and understands that in reliance upon and in consideration of this subordination, specific loans and advances are being and will be made

and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this subordination.

2. Only Agreement Regarding Subordination. Senior Lienholder would not permit the recordation of any Junior Obligation Documents without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between said deeds of trust and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, Senior Lienholder is under no obligation or duty to, nor has Senior Lienholder represented that it will, see to the application of such proceeds by the person or persons to whom Senior Lienholder disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Document(s) shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. Junior Lienholder has received and consents to and approves the Senior Loan Documents, including but not limited to any extension, modification and/or amendment of said agreements, between Borrower and Senior Lienholder. No decision by Junior Lienholder to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. Junior Lienholder and Borrower declare, agree, and acknowledge that:

5.1. Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Senior Lienholder Indebtedness, as set forth herein.

5.2. Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all payments under the Senior Deed of Trust and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no default or Event of Default exists under the Senior Lienholder Indebtedness and no event or circumstance exists which, with the lapse of time or the giving of notice or both, would constitute an Event of Default under the Senior Lienholder Indebtedness of which Junior Lienholder has received notice; and (ii) such payment would not result in a violation of any of Borrower's financial covenants set forth in any of the documents evidencing the Senior Loan ("**Permitted Payments**").

5.3. Payment Subordination. Except for any Permitted Payments, (a) all of the Senior Lienholder Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Senior Lienholder Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Senior Lienholder the full amount of the Senior Lienholder Indebtedness before making any payments to Junior Lienholder due under the Junior Obligations.

5.4. Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if Junior Lienholder shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Senior Lienholder after notice to Junior Lienholder.

5.5. Repayment of Senior Lienholder Indebtedness. This Agreement shall remain in full force and effect until all Senior Lienholder Indebtedness is fully repaid in accordance with its terms and all of the terms of this Agreement have been complied with.

5.6. Standstill. Junior Lienholder agrees that, without Senior Lienholder's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver, or institute any other collection or enforcement action.

6. Senior Lienholder Agreements. Senior Lienholder agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless Junior Lienholder has first been given thirty (30) days written notice of the Event(s) of Default giving Senior Lienholder the right to complete such Foreclosure Remedy, and unless Junior Lienholder has failed, within such thirty (30)-day period, to cure such Event(s) of Default; provided, however, that Senior Lienholder shall be entitled during such thirty (30)-day period to continue to pursue all of its rights and remedies under the Senior Loan Documents, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lienholder has accelerated the Senior Loan and Junior Lienholder cures all Events of Default giving rise to such acceleration within the thirty (30)-day cure period described above, such cure shall have the effect of de-accelerating the Senior Loan; provided, however, that such de-acceleration shall not waive or limit any of Senior Lienholder's rights to accelerate the Senior Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Senior Lienholder shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Junior Lienholder for failure to provide timely notice to Junior Lienholder required hereunder, and that Senior Lienholder's liability hereunder shall be expressly limited to actual and consequential damages to Junior Lienholder directly caused by Senior Lienholder's completion of a Foreclosure Remedy without Junior Lienholder receiving the notice and opportunity to cure described above. Senior Lienholder shall give Junior Lienholder notice at the address set forth below or such other address as Junior Lienholder may instruct Senior Lienholder in writing from time to time:

Stanton Housing Authority
7800 Katella Avenue
Stanton, California 90680
Attention: Jarad Hildenbrand, Executive Director

With a copy to:

Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000
Irvine, CA 92616
Attention: HongDao Nguyen, Esq.

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. Casualty Insurance Proceeds; Condemnation Proceeds. In the event Senior Lienholder shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Junior Lienholder shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of Junior Lienholder's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Junior Lienholder agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Senior Lienholder elects, in accordance with California law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Senior Lienholder holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Junior Lienholder agrees that Senior Lienholder may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which Junior Lienholder is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lienholder, in any way whatsoever, to act for or on behalf of Junior Lienholder or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Junior Lienholder, and all or any of such sums so held or monitored may be commingled with any funds of Senior Lienholder.

9. Effect of Other Agreements. The relationship between Borrower and Senior Lienholder under the Senior Loan Documents is, and shall at all times remain, solely that of borrower and lender. Based thereon, Junior Lienholder acknowledges and agrees that Senior Lienholder neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or Junior Lienholder to guarantee or assist in Borrower's or Junior Lienholder's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

10. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of California. In the event of action, suit, proceeding or arbitration to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, as determined by the court or arbitrator, all of the prevailing party's costs and expenses, including without limitation attorneys' fees and expert witness fees, incurred by the prevailing party in connection therewith. If Junior Lienholder or any affiliate of Junior Lienholder shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Deed of Trust and the other Senior Loan Documents as provided herein, and Junior Lienholder hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full and all Senior Lienholder's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification,

subrogation or otherwise. The Agreement shall inure to the benefit of, and the binding upon, the parties hereto and the respective successors and assigns.

[Signature Pages Follow]

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

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

JUNIOR LIENHOLDER:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Jarad L. Hildenbrand
Executive Director

ATTEST:

Patricia A. Vazquez, Authority Secretary

APPROVED AS TO FORM:

By: _____
HongDao Nguyen, Authority Counsel

BORROWER:

KATELLA HOUSING PARTNERS LP,
a California limited partnership

By: JHC–Katella LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing Corporation,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Massie
Chief Development Officer

SENIOR LIENHOLDER:

BANNER BANK,
a Washington corporation

By: _____
Waheed Karim
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.

(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.

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 _____, 2022, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is 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

EXHIBIT B

JUNIOR OBLIGATION DOCUMENTS

1. Affordable Housing Grant and Regulatory Agreement dated as of November 17, 2020, by and between Borrower and JHC-Katella LLC, a California limited liability company (“Prior Owner”), and Junior Lienholder, as assigned by Prior Owner to Borrower pursuant to that certain ///[Assignment and Assumption Agreement]/// dated as of _____, between Prior Owner and Borrower.
2. Sections 12.4, 15.1.4 and 26 of the Housing Authority Regulatory Agreement.

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

Banner Bank
5930 Granite Lake Drive, Suite 170
Granite Bay, California 95746
Attention: Stacy Lunardi
Loan No. 14014068

(SPACE ABOVE FOR RECORDER'S USE)

SUBORDINATION AGREEMENT
(Stanton Housing Authority)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN CERTAIN INTERESTS IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("**Agreement**"), dated for reference purposes as of April __, 2022, is entered into by and among BEACH2 HOUSING PARTNERS LP, a California limited partnership ("**Borrower**"), the STANTON HOUSING AUTHORITY, a public body, corporate and politic, organized and existing under the laws of the State of California ("**Junior Lienholder**"), and BANNER BANK, a Washington corporation ("**Senior Lienholder**").

RECITALS

A. Borrower (i) owns a fee interest in certain real estate more particularly described in Parcel 1 set forth on Exhibit A and owns a leasehold interest in certain real estate more particularly described in Parcel 2 set forth on Exhibit A, and a fee interest in all improvements now or hereafter located thereon (collectively, the "**Real Property**"), and (ii) that certain personal property more particularly described in the Senior Loan Documents (the "**Personal Property**"; together with the Real Property, the "**Property**").

B. Each of the documents listed on Exhibit B together with all other documents and materials entered into with Junior Lienholder with respect to the Property shall be referred to collectively as the "**Junior Obligation Documents**". Borrower and Junior Lienholder have entered into that certain Amended and Restated Regulatory Agreement (Tahiti Motel Affordable Housing Project) dated as of _____, 2022, between Borrower and Junior Lienholder (the "**Housing Authority Regulatory Agreement**"), which is being recorded substantially concurrently herewith in the Official Records of the County of Orange, State of California (the "**Official Records**"). Only those sections of the Housing Authority Regulatory Agreement listed on Exhibit B hereto (the "**Subordinate Housing Authority Regulatory Agreement Provisions**") shall be considered Junior Obligation Documents.

C. As used herein, the term "**Junior Obligations**" means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Junior Lienholder under the Junior Obligation Documents, together with all costs and expenses, including attorneys' fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

D. Borrower and Junior Lienholder desire that Senior Lienholder and Borrower enter into that certain Construction Loan Agreement (as amended from time to time, the "**Senior Loan**

Agreement”) dated as of even date herewith, pursuant to which Senior Lienholder has agreed to make a loan (the “**Senior Loan**”) to Borrower in the aggregate principal amount \$_____ in accordance with the terms and conditions set forth in the Senior Loan Agreement. Borrower’s obligations to Senior Lienholder under the Senior Loan Agreement evidenced and/or are secured by, among other things, (i) that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (“**Senior Deed of Trust**”), dated as of even date herewith, made by Borrower for the benefit of Senior Lienholder and (ii) the other Loan Documents described in the Senior Loan Agreement. The Senior Deed of Trust is being recorded substantially concurrently herewith in the Official Records. The Senior Loan Agreement, the Senior Deed of Trust, and the other Loan Documents (as defined in the Senior Loan Agreement) are hereinafter collectively referred to as the “**Senior Loan Documents**”.

E. As used herein, the term “**Senior Lienholder Indebtedness**” means any and all indebtedness, claims, debts, liabilities or other obligations from Borrower to Senior Lienholder under the Senior Loan Documents, together with all interest accruing thereon and all costs and expenses, including attorneys’ fees, of collection thereof, whether the same accrues or is incurred before or after the commencement of any bankruptcy case by or against Borrower.

F. Pursuant to the Senior Deed of Trust and the other Senior Loan Documents, Borrower is not entitled to further encumber the Property without the prior written consent of Senior Lienholder, which consent may be withheld in Senior Lienholder’s sole discretion.

G. It is a condition precedent to Senior Lienholder to entering into the Senior Loan Documents and permitting the recordation of any of the Junior Obligation Documents that the Senior Deed of Trust and the other Senior Loan Documents be and remain at all times a lien or charge upon the Property, prior and superior to the liens or charges of the Junior Obligation Documents.

H. Senior Lienholder is willing to permit the recordation of the recordable Junior Obligation Documents, provided that (1) the Senior Deed of Trust and the other Senior Loan Documents are a lien or charge upon the Property prior and superior to the liens or charges of the Junior Obligation Documents, and (2) Junior Lienholder will specifically subordinate the liens or charges of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and the other Senior Loan Documents.

I. Junior Lienholder is willing to allow the Senior Deed of Trust to constitute a lien or charge upon the Property which is prior and superior to the liens or charges of the Junior Obligation Documents. The parties hereto enter into this Agreement for the purposes set forth in these Recitals.

J. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Senior Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Lienholder to make the Senior Loan, it is hereby declared, understood, and agreed as follows:

1. **Subordination**. The Senior Deed of Trust in favor of Senior Lienholder, and all amendments, modifications, extensions and renewals thereof shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the lien or charge of the Junior Obligation Documents. Junior Lienholder intentionally and unconditionally subordinates the lien or charge of the Junior Obligation Documents in favor of the lien or charge upon said land of the Senior Deed of Trust,

and all amendments, modifications, extensions and renewals thereof, and understands that in reliance upon and in consideration of this subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this subordination.

2. Only Agreement Regarding Subordination. Senior Lienholder would not permit the recordation of any Junior Obligation Documents without this Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Obligation Documents to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between said deeds of trust and said covenants, conditions and restrictions, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Obligation Documents which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

3. Loan Disbursements. In making disbursements pursuant to any of the Senior Loan Documents, Senior Lienholder is under no obligation or duty to, nor has Senior Lienholder represented that it will, see to the application of such proceeds by the person or persons to whom Senior Lienholder disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such Senior Loan Document(s) shall not defeat the subordination herein made in whole or in part.

4. Consent and Approval. Junior Lienholder has received and consents to and approves the Senior Loan Documents, including but not limited to any extension, modification and/or amendment of said agreements, between Borrower and Senior Lienholder. No decision by Junior Lienholder to review or not review the Senior Loan Documents, including but not limited to the disbursement provisions contained therein, shall impair or otherwise limit the enforceability of this Agreement.

5. Other Agreements. Junior Lienholder and Borrower declare, agree, and acknowledge that:

5.1. Subordination of Indebtedness. Any and all Junior Obligations are hereby subordinated and subject to any and all Senior Lienholder Indebtedness, as set forth herein.

5.2. Permitted Payments. Borrower may make payments under the Junior Obligation Documents, if required, as long as all payments under the Senior Deed of Trust and the other Senior Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (i) no default or Event of Default exists under the Senior Lienholder Indebtedness and no event or circumstance exists which, with the lapse of time or the giving of notice or both, would constitute an Event of Default under the Senior Lienholder Indebtedness of which Junior Lienholder has received notice; and (ii) such payment would not result in a violation of any of Borrower's financial covenants set forth in any of the documents evidencing the Senior Loan ("**Permitted Payments**").

5.3. Payment Subordination. Except for any Permitted Payments, (a) all of the Senior Lienholder Indebtedness now or hereafter existing shall be first paid in full by Borrower before any payment shall be made by Borrower on the Junior Obligations, and (b) this priority of payment shall apply at all times until all of the Senior Lienholder Indebtedness has been repaid in full. In the event of any assignment by Borrower for the benefit of Borrower's creditors, or any bankruptcy proceedings instituted by or against Borrower, or the appointment of any receiver for Borrower or Borrower's business or assets, or of any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, Borrower's officers and any assignee, trustee in bankruptcy, receiver and other person or persons in charge are hereby directed to pay to Senior Lienholder the full amount of

the Senior Lienholder Indebtedness before making any payments to Junior Lienholder due under the Junior Obligations.

5.4. Return of Prohibited Payments. Except as otherwise expressly agreed to herein, if Junior Lienholder shall receive any payments or other rights in any property of Borrower in connection with the Junior Obligations in violation of this Agreement, such payment or property shall immediately be delivered and transferred to Senior Lienholder after notice to Junior Lienholder.

5.5. Repayment of Senior Lienholder Indebtedness. This Agreement shall remain in full force and effect until all Senior Lienholder Indebtedness is fully repaid in accordance with its terms and all of the terms of this Agreement have been complied with.

5.6. Standstill. Junior Lienholder agrees that, without Senior Lienholder's prior written consent, it will not accelerate the Junior Obligations, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver, or institute any other collection or enforcement action.

6. Senior Lienholder Agreements. Senior Lienholder agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless Junior Lienholder has first been given thirty (30) days written notice of the Event(s) of Default giving Senior Lienholder the right to complete such Foreclosure Remedy, and unless Junior Lienholder has failed, within such thirty (30)-day period, to cure such Event(s) of Default; provided, however, that Senior Lienholder shall be entitled during such thirty (30)-day period to continue to pursue all of its rights and remedies under the Senior Loan Documents, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lienholder has accelerated the Senior Loan and Junior Lienholder cures all Events of Default giving rise to such acceleration within the thirty (30)-day cure period described above, such cure shall have the effect of de-accelerating the Senior Loan; provided, however, that such de-acceleration shall not waive or limit any of Senior Lienholder's rights to accelerate the Senior Loan or exercise any other remedies under the Senior Loan Documents as to any future or continuing Events of Default. It is the express intent of the parties hereunder that Senior Lienholder shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Junior Lienholder for failure to provide timely notice to Junior Lienholder required hereunder, and that Senior Lienholder's liability hereunder shall be expressly limited to actual and consequential damages to Junior Lienholder directly caused by Senior Lienholder's completion of a Foreclosure Remedy without Junior Lienholder receiving the notice and opportunity to cure described above. Senior Lienholder shall give Junior Lienholder notice at the address set forth below or such other address as Junior Lienholder may instruct Senior Lienholder in writing from time to time:

Stanton Housing Authority
7800 Katella Avenue
Stanton, California 90680
Attention: Jarad Hildenbrand, Executive Director

With a copy to:

Best Best & Krieger LLP
18101 Von Karman Avenue, Suite 1000

-4-

Irvine, CA 92616
Attention: HongDao Nguyen, Esq.

7. Bankruptcy Provisions. To the extent any payment under any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

8. Casualty Insurance Proceeds; Condemnation Proceeds. In the event Senior Lienholder shall release, for the purposes of restoration of all or any part of the improvements, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Junior Lienholder shall simultaneously release (and hereby agrees that it shall be irrevocably and unconditionally deemed to have agreed to release) for such purpose all of Junior Lienholder's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Junior Lienholder agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event Senior Lienholder elects, in accordance with California law, not to release any such proceeds for any such restoration, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Junior Obligation Documents. If Senior Lienholder holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Junior Lienholder agrees that Senior Lienholder may also elect, in its sole and absolute discretion, to hold and monitor the disbursement of such proceeds, awards and compensation to which Junior Lienholder is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lienholder, in any way whatsoever, to act for or on behalf of Junior Lienholder or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Junior Lienholder, and all or any of such sums so held or monitored may be commingled with any funds of Senior Lienholder.

9. Effect of Other Agreements. The relationship between Borrower and Senior Lienholder under the Senior Loan Documents is, and shall at all times remain, solely that of borrower and lender. Based thereon, Junior Lienholder acknowledges and agrees that Senior Lienholder neither undertakes nor assumes any fiduciary responsibility or other responsibility or duty to Borrower or Junior Lienholder to guarantee or assist in Borrower's or Junior Lienholder's performance under any of the agreements between those parties and other third parties, including without limitation the Junior Obligation Documents.

10. Miscellaneous. This Agreement may be executed in multiple counterparts and the signature page(s) and acknowledgment(s) assembled into one original document for recordation, and the validity hereof shall not be impaired by reason of such execution in multiple counterparts. This Agreement is to be governed according to the laws of the State of California. In the event of action, suit, proceeding or arbitration to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, as determined by the court or arbitrator, all of the prevailing party's costs and expenses, including without limitation attorneys' fees and expert witness fees, incurred by the prevailing party in connection therewith. If Junior Lienholder or any affiliate of Junior Lienholder shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Deed of Trust and the other Senior Loan Documents as provided herein, and Junior Lienholder hereby waives, on behalf of itself and such affiliate, until all amounts owed under the Senior Loan Documents have been indefeasibly

paid in full and all Senior Lienholder's obligations to extend credit under the Senior Loan Documents have terminated, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise. The Agreement shall inure to the benefit of, and the binding upon, the parties hereto and the respective successors and assigns.

[Signature Pages Follow]

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

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

JUNIOR LIENHOLDER:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Jarad L. Hildenbrand
Executive Director

ATTEST:

Patricia A. Vazquez, Authority Secretary

APPROVED AS TO FORM:

By: _____
HongDao Nguyen, Authority Counsel

BORROWER:

BEACH2 HOUSING PARTNERS LP,
a California limited partnership

By: JHC–Beach2 LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing Corporation,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Massie
Chief Development Officer

SENIOR LIENHOLDER:

BANNER BANK,
a Washington corporation

By: _____
Waheed Karim
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.

(SEAL)

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(SEAL)

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(SEAL)

EXHIBIT A
LEGAL DESCRIPTION

A-1

EXHIBIT B

JUNIOR OBLIGATION DOCUMENTS

1. Affordable Housing Grant and Regulatory Agreement dated as of November 17, 2020, by and between Borrower and JHC-Beach2 LLC, a California limited liability company (“Prior Owner”), and Junior Lienholder, as assigned by Prior Owner to Borrower pursuant to that certain ///[Assignment and Assumption Agreement]/// dated as of _____, between Prior Owner and Borrower.
2. Sections 12.4, 15.1.4 and 26 of the Housing Authority Regulatory Agreement.

GROUND LEASE

THIS GROUND LEASE (“**Lease**”) is dated for reference purposes as of this _____ day of April, 2022, by and between STANTON HOUSING AUTHORITY, a California public body, corporate and politic (“**Landlord**”), and BEACH2 HOUSING PARTNERS LP, a California limited partnership (“**Tenant**”), who, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, agree as follows:

Section 1. Background. Landlord is the owner of record of that certain real property (“**Property**”) located at 11870 Beach Boulevard, City of Stanton, Orange County, California, commonly known as Assessor Parcel No. 131-241-21 and more particularly described in Exhibit “A” attached hereto. Tenant wishes to lease the Property from Landlord, together with all rights, privileges and easements appurtenant thereto for purposes accessory and complementary to and supportive of the affordable housing development being constructed by Tenant on property adjacent to the Property. Landlord is willing to lease the Property to Tenant for such accessory use. Said Property and such appurtenant rights, privileges and easements are collectively referred to as the “**Premises.**”

Section 2. Lease of Premises. Landlord hereby leases, transfers and demises to Tenant, and Tenant hereby leases and takes from Landlord, the Premises for the terms and upon the agreements, covenants and conditions set forth in this Lease.

Section 3. Term.

(a) Term. The term (“**Term**”) of this Lease shall commence (“**Commencement Date**”) upon Landlord and Tenant’s mutual execution of this Lease, and execution and recordation of a Memorandum of Lease described in Section 37 below, in the form attached hereto as Exhibit “B” (“**Memorandum**”) and shall continue for a period of ninety-nine (99) Lease Years.

Should the Term commence on a date other than the first day of a calendar month, the Term shall be adjusted to terminate one day before the ninety-ninth (99th) anniversary of the Commencement Date. For example, if the Commencement Date is September 19, 2022, the Term shall be adjusted to terminate on September 18, 2121. Each period of twelve (12) consecutive calendar months during the term (following any adjustment for a fractional month as described in the preceding sentence) is referred to hereafter as a “**Lease Year.**” Notwithstanding the foregoing, Landlord or Tenant may terminate this Lease for the reasons set forth in Section 3(b), below. In the event of such early termination, Landlord will provide to Tenant an appropriate release or quitclaim, sufficient to cause the Memorandum to be deleted as a title exception affecting the Property. The date upon which the Term expires or is otherwise terminated is referred to hereafter as the “**Termination Date.**”

(b) **Right of Early Termination.** Subject to Section 9 of this Lease, Tenant shall have the right at any time during the Term, to terminate this Lease upon giving Landlord written notice of the same. Such written notice shall indicate a date, which shall be not less than five (5) years from delivery of the notice, upon which this Lease shall terminate.

Error! Unknown document property name.

Section 4. Annual Rent. Tenant shall pay to Landlord as rental for the use and occupancy of the Premises, at the times and in the manner described herein, the following sums of money:

(a) Annual Rent During Term. Annual rent due hereunder ("Rent") shall be One Dollar (\$1.00) per year. On the Commencement Date, Tenant shall prepay to Landlord all Rent due hereunder for the Term, in the amount of Ninety-Nine Dollars (\$99.00). In the event of any sale or other conveyance of the Premises by Landlord, Landlord covenants and agrees that it will disclose any prepaid Rent to the transferee and appropriately prorate such prepaid Rent.

(b) Location for Payment. All Rent and all other moneys and charges payable by Tenant to Landlord hereunder shall be paid by Tenant to Landlord in lawful money of the United States of America at Landlord's address for notices hereunder, or to such other person or at such other place as Landlord may from time to time designate by notice in writing to Tenant.

Section 5. Taxes and Assessments.

(a) Tenant covenants and agrees to pay and discharge, during the entire Term, before delinquency, all taxes and assessments which are or may during the Term be levied, charged, assessed or imposed upon or against the Premises (including the leasehold estate created hereby) or any buildings or improvements located thereon.

(b) Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxes pursuant to Revenue & Taxation Code Section 107.6 and that, if a possessory interest is created, Tenant shall, in accordance with this Section 5, be responsible for payment of property taxes levied against such possessory interest. At all time during the Term of this Lease, (i) the improvements shall be owned by Tenant, (ii) Tenant alone shall be entitled to all of the tax attributes of ownership, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credit described in Section 42 of the Internal Revenue Code of 1986, as amended, and (iii) Tenant shall have the right to amortize capital costs and to claim any other federal or state tax benefit attributable to the improvements.

(c) After prior notice to Tenant delivered not less than thirty (30) days before acting, Landlord shall have the right, but not the obligation, at all times during the Term to pay any taxes, assessments or other charges levied or assessed upon or against the Premises or any buildings or improvements located thereon, and to pay, cancel and clear off all tax sales liens, charges and claims upon or against the Premises or any buildings or improvements located thereon, and to redeem the Premises from the same, or any of them, from time to time, without being obligated to inquire as to the validity of the same. Any sum so paid by Landlord shall become due and payable by Tenant within five (5) business days after any such payment by Landlord plus an administrative fee of five percent (5%) of the amount of such payment by Landlord.

Section 6. [Intentionally Omitted]

Section 7. Quiet Enjoyment. Landlord covenants that upon payment by Tenant of the rent herein reserved and upon performance and observance by Tenant of all of the agreements, covenants and conditions herein contained on the part of Tenant to be performed and observed, and subject to all covenants, conditions, restrictions and encumbrances of record, Tenant shall

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peaceably hold and quietly enjoy the Premises during the entire Term without hindrance, molestation or interruption by Landlord or by anyone lawfully or equitably claiming by, through or under Landlord.

Section 8. Title Insurance Policy; Escrow Fees and Premiums.

(a) On the Commencement Date, Landlord shall provide Tenant with an ALTA owner's leasehold policy of title insurance with liability in the amount of \$_____ showing title to the leasehold estate in the Property created by the Lease vested in Tenant free and clear of exceptions and encumbrances except non-delinquent general and special real property taxes and assessments, easements, encumbrances, covenants, conditions, restrictions, rights of way and other matters of record approved by Tenant prior to the Commencement Date and the standard preprinted exceptions of exclusions from coverage set forth in the title policy along with such endorsements as may be reasonably requested by Tenant. Tenant shall have the right to obtain, at its sole cost and expense, an ALTA extended coverage policy of title insurance.

(b) Landlord shall pay one-half (1/2) of the escrow fee, all documentary transfer taxes and all title insurance premiums for that portion of the owner's leasehold title policy which would be incurred for a standard CLTA form of owner's leasehold title insurance policy. Tenant shall pay one-half (1/2) of the escrow fee, all title insurance premiums associated with any title insurance coverage required by Lender, that portion of the owner's leasehold title policy premium which is attributable to the additional cost of ALTA extended coverage, if applicable, the cost of any survey of the Property requested by Tenant and the cost of any title endorsements requested by Tenant and the cost of recording the deed.

Section 9. Title to Buildings and Improvements.

(a) Tenant shall hold fee title to all Tenant Improvements (defined below) that may from time to time constitute a part of the Premises until the termination of this Lease. Upon termination of this Lease, Tenant may remove from the Premises all machinery, equipment and fixtures. Upon termination of this Lease, title to all personal property (but not machinery, equipment and fixtures) will pass to and vest in Landlord without cost or charge to it.

(b) Tenant, on termination of this Lease, shall execute and deliver any and all deeds, bills of sale, assignments, and other documents which are necessary to transfer, to evidence or to vest in Landlord clear title to any of the property described in the foregoing subsection (a) located on the Premises at the time of such termination.

Section 10. Permits, Licenses, Etc. Tenant for the duration of the Term, will maintain all permits, licenses or other authorizations required for Tenant's use. Landlord and Tenant will from time to time during the Term execute, acknowledge and deliver any and all instruments required to grant rights-of-way and easements in favor of municipal and other governmental authorities or public utility companies incident to the installation of water lines, fire hydrants, sewers, electricity, telephone, gas, steam, and other facilities and utilities reasonably required for the use and occupancy of the Premises. Tenant shall reimburse Landlord for any sum paid by Landlord in respect of the matters specified in this Section 10, including reasonable attorney fees.

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Section 11. Maintenance, Repair and Condition of Premises.

(a) Tenant accepts the Premises in its "AS-IS" condition, with all faults and, with the exception of those representations and warranties expressly made by Landlord in this Lease (collectively, the "Landlord Representations"), without any representation or warranty by Landlord. Except with respect to matters addressed in the Landlord Representations, Tenant releases Landlord and any of its subsidiaries and affiliates and their respective elected and appointed officials, employees, and attorneys from any and all liabilities and claims of any type concerning the condition of the Premises. Tenant further agrees that, if Tenant wishes to construct any improvement on the Premises, Tenant shall comply with all requirements in Section 12 (Improvements) of this Lease. With the exception of the Landlord Representations, Landlord makes no representations regarding the condition, status, compliance with laws or suitability for a particular purpose for Tenant's use. Tenant agrees to comply with all applicable laws with regard to any Hazardous Materials and the possible presence of same on the Premises.

(b) Tenant shall, during the Term, at its own cost and expense and without any cost or expense to Landlord:

(1) Keep and maintain all buildings and improvements (including, but not limited to, all landscaping located on the Premises and all appurtenances thereto) in good and neat order and repair and shall allow no nuisances to exist or be maintained therein. Landlord shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Premises or any buildings or improvements located thereon, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under sections 1941 and 1942 of the California Civil Code, or any amendments thereof;

(2) Comply with and abide by all applicable federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the Premises, all buildings and improvements located thereon, or any activity or condition on or in the Premises; and

(3) Tenant shall, at its sole cost and expense and at all times during the Term, cause all of Tenant's contractors, agents, invitees, subtenants (if applicable) and licensees (if applicable) occupying or using the Premises to, comply with all applicable laws including, without limitation, (i) acquisition of and compliance with all permits, licenses, requirements, approvals, plans and authorizations required under applicable law which are or become necessary for conduct of Tenant's operations on the Premises; and (ii) compliance with all regulatory requirements under applicable law relating to such operations or the substances and personal property used therein. Tenant shall deliver to Landlord, upon Landlord's reasonable request, and at Tenant's expense, copies of documents and such other evidence to demonstrate proof of compliance with applicable law pertaining to permits and authorizations relating to the Premises generally and to any improvements located on the Premises, specifically.

Section 12. Improvements, Changes, Alterations, Demolition and Replacement.

(a) Except as otherwise set forth herein, Tenant shall have the right at any time and from time to time during the Term to make and construct all such improvements to and on the

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Premises and such changes and alterations, structural or otherwise, to any buildings, improvements, fixtures and equipment located on the Property, as Tenant shall deem necessary or desirable, so long as such improvements or alterations are consistent with this Lease and the entitlements obtained for the Premises (hereafter “**Tenant Improvements**”).

(b) Following the Commencement Date, if Tenant so elects, Tenant shall proceed with due diligence and dispatch to obtain necessary entitlements and complete the construction on the Premises of the Tenant Improvements.

(c) Any improvement, change or alteration (other than a change or alteration of movable trade fixtures and equipment or improvements, or a change or alteration involving costs less than One Hundred Thousand Dollars (\$100,000)) shall be undertaken in all cases subject to the following conditions which Tenant covenants to observe and perform:

(1) No improvement, change or alteration, shall be undertaken until:

(i) Landlord shall have approved the site plan and plans and specifications for such Tenant Improvements involving costs of more than One Hundred Thousand Dollars (\$100,000.00), which approval may be withheld in Landlord’s reasonable discretion.

(ii) Tenant shall have procured and paid for, so far as the same may be required from time to time, all required municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction, and Landlord agrees to join in the application for such permits or authorizations whenever such action is necessary.

(2) All work done in connection with any improvement, change or alteration shall be done promptly and in a good and workmanlike manner and in compliance with all applicable laws, ordinances, regulations and requirements of all Federal, state and municipal governments with jurisdiction over the Premises or any of such work and the appropriate departments, commissions, boards and officers thereof. All such work shall be at the sole cost and expense of Tenant.

(3) In addition to the insurance coverage referred to in Section 17 below, Workers’ Compensation Insurance covering all persons employed in connection with the work and with respect to whom death or injury claims could be asserted against Landlord, Tenant or the Premises, and a general liability policy coverage, naming Landlord as an additional insured with limits of not less than Five Million Dollars (\$5,000,000), shall be maintained by Tenant, at Tenant’s sole cost and expense, at all times when any work is in process in connection with any improvement, change or alteration. Such insurance shall include a waiver of subrogation. All such insurance shall be obtained and kept in force as otherwise provided in Section 17 below.

(d) Tenant has been alerted to the requirements of Labor Code Sections 1720 et seq. and 1770 et seq. (“**Prevailing Wage Laws**”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If any of the work to be performed under this Lease by Tenant is being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage

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Laws, Tenant agrees, to the extent applicable, to fully comply with such Prevailing Wage Laws. Tenant shall defend, indemnify and hold the Landlord, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. If any of the work to be performed under this Lease by Tenant is being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, it shall be mandatory upon the Tenant and its contractors to comply with all applicable California Labor Code provisions, which include but are not limited to, to the extent applicable, prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815), public works contractor registration (Labor Code Sections 1725.5 and 1771.1) and debarment of contractors and subcontractors (Labor Code Sections 1777.1). It shall be the sole responsibility of Tenant to determine whether to comply with Prevailing Wage Laws for any or all work required by this Lease. As a material part of this Lease, Tenant agrees to assume all risk of liability arising from any decision not to comply with Prevailing Wage Laws.

Section 13. Damage or Destruction.

(a) Damage or Destruction to Premises. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Premises, the Improvements or any portion thereof (hereinafter sometimes referred to as a “Casualty”). Subject to subsection (b) below, and the rights of any Lender, if during the Term the Improvements shall be damaged or destroyed by Casualty, this Lease shall continue, and Tenant shall repair or restore the Improvements, so long as Tenant determines, in its sole discretion, that it is financially feasible to do so. Upon the occurrence of any such Casualty, Tenant, promptly and with all due diligence and subject to the rights of any Lender, shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty, and at its own election use such insurance proceeds to restore the Improvements. In the event that Tenant shall determine, subject to the rights of any Lender, by notice to Landlord given within thirty (30) days after receipt by Tenant of any such insurance proceeds, that there are not adequate proceeds to restore the Improvements and/or the Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Tenant may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Tenant terminates this Lease pursuant to this subsection (a), Tenant shall surrender possession of the Premises to Landlord immediately and assign to Landlord (or, if same has already been received by Tenant, pay to Landlord) all of its right, title and interest in and to the proceeds from Tenant’s insurance upon the Premises, subject to the prior rights of any Lender, as referenced in subsection (b) below.

(b) Damage or Destruction Near End of Term. If, during the last seven (7) years of the Term, the Improvements shall be damaged by Casualty, then Tenant shall have the option, to be exercised within one hundred twenty (120) days after such Casualty:

(1) to repair or restore the Improvements as hereinabove provided in this Section 13; or

(2) subject to the rights of any Lender, to terminate this Lease by notice to Landlord, which termination shall be deemed to be effective as of the date of the Casualty. If

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Tenant terminates this Lease pursuant to this subsection (b), Tenant shall surrender possession of the Premises to Landlord immediately and assign to Landlord (or, if same has already been received by Tenant, pay to Landlord) all of its right, title and interest in and to the proceeds from Tenant's insurance upon the Premises, subject to the prior rights of any Lender, as referenced in subsection (c) below.

(c) Distribution of Insurance Proceeds. In the event that insurance proceeds are not applied to restoration of the Property and this Lease is terminated pursuant to subsection (a) or (b) hereof or such termination is required by the Lender with the senior Leasehold Mortgage, the insurance proceeds received as the result of such Casualty shall be distributed to said Lender in accordance with the Lender's Leasehold Mortgage if such Casualty occurs while the Lender's Leasehold Mortgage is in effect and otherwise in accordance with subsection (a) hereof.

Section 14. Assignment and Subletting. Except with respect to any transfer to a Lender (or its nominee) or any transfer by a Lender (or its nominee) which transfers shall be governed pursuant to Section 15 hereof, and any "Permitted Transfer," which shall be governed pursuant to paragraph (e) below, Tenant shall have no right to assign all or any part of its interest in this Lease without Landlord's prior consent, not to be unreasonably withheld. Tenant shall not have the right or power to request or effect a Transfer at any time an Event of Default shall exist, and shall have no right to Transfer during the first 24 months after the Commencement Date without Landlord's prior consent, which may be withheld in its sole discretion.

(a) Procedures. Except with respect to any leasehold mortgage which, shall be governed pursuant to Section 15 hereof, should Tenant desire to assign, transfer, pledge, hypothecate or encumber this Lease or any interest therein (a "Transfer"), Tenant shall give notice thereof to Landlord by requesting in writing Landlord's consent to such Transfer at least 30 days before the effective date of the Transfer and shall provide Landlord with the following: (a) The full particulars of the proposed transaction, including its nature, effective date, and material terms and conditions, including the purchase price and payment terms of the purchase price. Such documentation shall include, without limitation, draft copies of the agreement(s) which would effectuate the Transfer, which may be revised by Landlord in Landlord's sole discretion, (b) A description of the identity, financial condition, and previous business experience of the transferee, including, without limitation, copies of such transferee's latest income statement, balance sheet, and statement of cash flows (with accompanying notes and disclosures of all material changes thereto) in audited form only if available at the time, and certified as accurate by the transferee along with a written statement authorizing Landlord or its designated representative(s) to investigate such transferee's business experience, credit, and financial responsibility; (c) a statement that Tenant intends to consummate the transaction if Landlord consents to the Transfer; and (d) Any further information relevant to the transaction that Landlord reasonably requests within 10 days after receipt of Tenant's written request for consent.

(b) Effect of Transfer. A proposed Transfer without such consent shall be void, and shall, at the option of the Landlord, constitute a default under the terms of this Lease. Within 45 days after receipt of Tenant's written request for consent in accordance with this section, Landlord shall respond in writing to the proposed Transfer. If Landlord refuses to consent to a proposed Transfer, it shall state in writing the specific reason(s) for its refusal to consent. If Landlord fails to respond in writing to a request for consent within the 45-day period, or if Landlord

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refuses to consent in writing within the 45-day period but does not state in writing the specific reason(s) for its refusal, Landlord shall conclusively be deemed to have consented to the proposed Transfer.

(c) No Release for Sublease. No sublease shall release Tenant from continuing liability hereunder.

(d) Documentation and Expenses. Each Transfer that requires Landlord's consent that Tenant effects shall be evidenced by an instrument reasonably acceptable to Landlord, which shall be executed by Landlord, Tenant, and the transferee. By such instrument, the transferee shall assume and promise to perform the terms, covenants, and conditions of this Lease, which are obligations of Tenant.

(e) Permitted Transfers. Notwithstanding anything to the contrary in this Lease, the following transfers shall be permitted hereunder without the prior consent of Landlord:

(1) Any transfer of stock or equity in the entity that does not change management or operational control of the improvements constructed on the Premises, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.

(2) Any transfer to a limited partnership in which a general partner is the Tenant, Jamboree Housing Corporation, or an affiliate of either of the foregoing, and the managing general partner is a 501(c)(3) tax exempt nonprofit or its affiliate.

(3) The transfer and sale of limited partnership interests in Tenant.

(4) In the event that any general partner of Tenant is removed by the limited partner of Tenant for cause following default under the partnership agreement, the transfer of the general partner interest to a 501(c)(3) tax exempt nonprofit corporation or its affiliate selected by the limited partner and approved by Landlord, which approval shall not be withheld unreasonably, delayed or conditioned.

(5) The transfer of the improvements constructed on the Premises from Tenant to one or more of the general partners of Tenant or their affiliates at the end of the tax credit compliance period for the affordable housing development; and

(6) Any dilution of a general partner's interest in Tenant in accordance with Tenant's limited partnership agreement.

To the extent that any Permitted Transfer in this subsection (e) results in an addition or change to Section 27 (Notices), Tenant shall provide notice of such Permitted Transfer (including any information necessary to provide future notices) to Landlord within five (5) business days of such Permitted Transfer.

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Section 15. Mortgage of Leasehold.

(a) Tenant shall have the right to encumber the leasehold estate created by this Lease by a mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Premises, (the **“Leasehold Mortgage”**) to secure repayment of any loan to Tenant, and associated obligations, from any lender (a **“Lender”**) (and to amend, modify, supplement or terminate any such Leasehold Mortgage or to refinance any Leasehold Mortgage) and Landlord agrees to reasonably cooperate with Tenant, at no cost to Landlord, in the documentation of any such Leasehold Mortgage reasonably requested by Tenant.

(b) Notwithstanding the foregoing, Tenant shall not, and shall have no right to, encumber Landlord’s fee or reversionary interest in the Premises. Consistent with Section 18, Tenant covenants to keep Landlord’s fee and reversionary interest in the Premises and every part thereof at all times free and clear of any and all liens and encumbrances of any kind whatsoever arising out of the acts or omissions of Tenant, including those liens and encumbrances created by the performance of Tenant of any construction, labor, or furnishing of any material, supplies or equipment to Tenant.

Section 16. Protection of Lender. During the continuance of any Leasehold Mortgage and until such time as the lien of any Leasehold Mortgage has been reconveyed by the beneficiary thereunder:

(a) Landlord shall not accept any surrender of this Lease or any election by Tenant to terminate this Lease pursuant to the terms hereof, nor shall Landlord amend, modify or supplement this Lease, without the prior written consent of all Lenders.

(b) Notwithstanding any default by Tenant in the performance or observance of any agreement, covenant or condition of this Lease on the part of Tenant to be performed or observed, Landlord shall have no right to terminate this Lease or interfere with the occupancy, use, and enjoyment of the Premises unless (i) an event of default shall have occurred and is continuing, (ii) Landlord shall have given any Lender written notice of such event of default, and (iii) the Lender(s) shall have failed to remedy such default, acquire Tenant’s leasehold estate created hereby, or commence foreclosure or other appropriate proceedings, all as set forth in, and within the time specified by, this Section 16.

(c) Any Lender shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by a Lender shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Tenant instead of by a Lender.

(d) Should any event of default under this Lease occur, any Lender shall have ninety (90) days after receipt of written notice from Landlord setting forth the nature of such event of default, within which to remedy the default, or thirty (30) days in the event of non-payment of

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rent; provided that in the case of a default which cannot with due diligence be cured within such ninety (90) day period, the Lender(s) shall have the additional time reasonably necessary to accomplish the cure, provided that (i) such Lender has commenced the curing within such ninety (90) days and (ii) thereafter diligently prosecutes the cure to completion. If the default is such that possession of the Premises may be reasonably necessary to remedy the default, the Lender(s) shall have such additional time after the expiration of such ninety (90) day period as is reasonably necessary, within which to remedy such default, provided that (i) the Lender(s) shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease within such ninety (90) day period and shall continue to pay currently such monetary obligations as and when the same are due and (ii) the Lender(s) shall have acquired Tenant's leasehold estate or commenced foreclosure or other appropriate proceedings seeking such acquisition within such period, or prior thereto, and is diligently prosecuting any such proceedings.

(e) Any event of default under this Lease which is not susceptible to remedy by a Lender shall be deemed to be remedied if (i) within ninety (90) days after receiving written notice from Landlord setting forth the nature of such event of default, or prior thereto, a Lender shall have acquired Tenant's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings seeking such acquisition, (ii) a Lender shall diligently prosecute any such proceedings to completion, and (iii) a Lender shall have fully cured any default in the payment and performance of any monetary or other obligations of Tenant hereunder which do not require possession of the Premises and are otherwise reasonably susceptible of cure within such ninety (90) day period and shall thereafter continue faithfully to perform all such monetary obligations which do not require possession of the Premises and are reasonably susceptible of cure, and (iv) after gaining possession of the Premises, a Lender shall perform all other obligations of Tenant hereunder as and when the same are due.

(f) If a Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing cure or from commencing or prosecuting foreclosure or other appropriate proceedings the times specified in subsections (d) and (e) above for commencing cure or from commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

(g) Landlord shall mail by certified or registered post, return receipt requested, or personally deliver to any Lender a duplicate copy of any and all notices in writing which Landlord may from time to time give to or serve upon Tenant pursuant to the provisions of this Lease, and such copy shall be mailed or delivered to any Lender at, or as near as possible to, the same time such notices are given or served by Landlord. No notice by Landlord to Tenant hereunder shall be deemed to have been given unless and until a copy thereof shall have been given by certified or registered mail, postage prepaid, return receipt requested to any Lender and shall be effective upon receipt (or refusal to accept receipt). Upon the execution of any Leasehold Mortgage, Landlord shall be informed in writing of the vesting of the security interest evidenced by the Leasehold Mortgage and of the address to which all notices to the Lender are to be sent. Notwithstanding any other provision of this Section 16, any Lender shall be deemed to have

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waived any right to receive notice pursuant to this Section unless and until Landlord has received such information.

(h) Notwithstanding anything to the contrary set forth in this Lease, foreclosure of the Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the leasehold mortgage, or any assignment or conveyance of the leasehold estate created by this Lease from Tenant to a Lender (or its nominee) or other purchaser through, or in lieu of, foreclosure or other appropriate proceedings of a similar nature shall not constitute a breach of any provision of or a default under this Lease and shall be an expressly permitted transfer and assignment hereunder. Upon such foreclosure, sale or conveyance Landlord shall recognize the Lender (or its nominee), or any other foreclosure sale purchaser, as Tenant hereunder. In the event a Lender (or its nominee) becomes Tenant under this Lease, such Lender (or its nominee) shall be liable for the obligations of Tenant under this Lease only for the period of time that such Lender (or its nominee) is and remains Tenant. Notwithstanding anything to the contrary set forth in this Lease, such Lender (or nominee) shall have the right to assign this Lease at any time after becoming Tenant without any restriction otherwise imposed on Tenant hereunder and such assignment shall be expressly permitted hereunder and shall be fully released from liability under the Lease from and after the date of such assignment.

(i) Landlord agrees that the name(s) of the Lenders may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Landlord under the Lease.

(j) Notwithstanding anything to the contrary set forth in this Lease, the proceeds from any insurance policies and the proceeds arising from any condemnation shall be paid to and held by the Lender with the most senior Leasehold Mortgage (in terms of lien priority) and applied by such Lender pursuant to the provisions of its Leasehold Mortgage (and such leasehold mortgagee(s) may reserve the right to apply to the mortgage debt all, or any part, of such proceeds pursuant to the terms of its Leasehold Mortgage documents).

(k) Landlord shall not encumber the Landlord's fee and reversionary interest in the Premises without the prior written consent of each Lender, which consent shall be granted or withheld in such Lender's sole and absolute discretion. Landlord further irrevocably and unconditionally agrees that any mortgage, deed of trust or other security instrument now or hereafter encumbering all or any part of the Landlord's fee and reversionary interest in the Premises shall automatically be subject and subordinate in all respects to the lien of the Lease (and all amendments, modifications, extensions and renewals hereof) and all existing and future Leasehold Mortgages (and all amendments, modifications, extensions and renewals thereof). Landlord shall, at the request of any Lender, cause the holder of each such mortgage, deed of trust and other security instrument to execute and deliver to the requesting Lender a written and recordable subordination agreement in form and substance as required by such Lender in its sole and absolute discretion.

In addition, and notwithstanding any extinguishment of a Leasehold Mortgage resulting from a termination of this Lease, should Landlord terminate this Lease by reason of any default by Tenant hereunder or otherwise or should the Lease be terminated because of any rejection or disaffirmance of this Lease pursuant to bankruptcy law or any other law affecting creditor's rights, Landlord

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shall give prompt notice of such termination to each Lender that has given Landlord notice of its Leasehold Mortgage under subsection (g) above, and, upon written request by the Lender holding the most senior Leasehold Mortgage (according to lien priority) given within thirty (30) days after notice of such termination from Landlord, immediately execute and deliver a new lease of the Premises to such senior Lender, or its nominee, purchaser, assignee or transferee, for the remainder of the Term with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Tenant, Tenant's limited partner, or a Lender prior to termination) as are contained herein and with priority equal to that hereof; provided, however, that such Lender shall promptly cure any defaults of Tenant reasonably susceptible to cure by such Lender and that such Lender's right to possession of the Premises under the new lease shall commence only upon Tenant's vacating of the Premises. Upon execution and delivery of such new lease Landlord, at the expense of the new lessee, which expenses shall be paid by the new Tenant as they are incurred, shall take such action as shall be necessary to cancel and discharge this Lease and to remove Tenant named herein from the Premises.

Section 17. Fire and Extended Coverage and Liability Insurance

(a) During the period of the construction of any improvements upon the Property, Tenant shall at its sole expense obtain and keep in force builder's risk insurance, insuring Tenant, Landlord, Lender, and such other parties as Tenant may designate as an additional insured hereunder, against all risks of physical loss and/or damage from any cause (exclusive of earthquake and subject to usual policy exclusions) to all buildings, structures, materials and real property to be improved located on or forming a part of the Premises under improvement.

(b) Tenant shall, at its sole expense, obtain and keep in force during the Term, after substantial completion of any improvements upon the Premises fire and extended coverage insurance (excluding earthquake insurance) naming Landlord, Lender, and such other parties as Tenant may designate, as additional insureds thereunder.

(c) Tenant shall, at its sole expense, obtain and keep in force during the Term general liability insurance with limits of not less than Five Million Dollars (\$5,000,000) for injury to or death of any number of persons in one occurrence, and not less than One Million Dollars (\$1,000,000) for damage to property, insuring against any and all liability of Landlord and Tenant including, without limitation, coverage for contractual liability, broad form property damage, host liquor law liability, personal injury, and non-owned automobile liability, with respect to the Premises or arising out of the maintenance, use or occupancy thereof, and insurance on all boilers and other pressure vessels, whether fired or unfired, located in, on, or about the Premises, without exclusion for explosion, collapse and underground damage, in an amount not less than One Million Dollars (\$1,000,000). All of such insurance shall insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and damage to property set forth in Section 19(b) hereof. All of such insurance shall be noncontributing with any insurance which may be carried by Landlord and shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Landlord, its agents and employees, or the property of such persons. Such insurance shall include a waiver of subrogation and an endorsement for Hazardous Materials.

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(d) The limits and coverage of all such insurance may be evaluated for adjustment by Landlord and Tenant at various times during the Term at the request of either Party. The propriety of the limits and coverage shall be assessed in light of conformity with the then prevailing custom of insuring property similar to the Premises and any disagreement regarding such adjustment shall be settled by arbitration in the manner provided in Section 31 hereof. Upon the issuance thereof, each insurance policy or a duplicate or certificate thereof shall be delivered to Landlord and Lender. Nothing herein shall be construed to limit the right of Lender to cause Tenant to carry or procure other insurance covering the same or other risks in addition to the insurance specified in this Lease.

(e) All amounts that shall be received under any insurance policy specified in subsections (a) and (b) above shall be first applied to the payment of the cost of repair, reconstruction or replacement of any buildings or improvements, or furniture, fixtures, equipment and machinery, that is damaged or destroyed.

Section 18. Mechanics' and Other Liens. Tenant shall promptly discharge or remove by bond or otherwise prior to foreclosure thereof any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about the Premises for or in connection with any operations of Tenant, any construction of Tenant Improvements, alterations, improvements, repairs or additions which Tenant may make or permit or cause to be made, or any work or construction by, for or permitted by Tenant on or about the Premises, and to indemnify, save and hold Landlord and all of the Premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto.

Section 19. Indemnity.

(a) Tenant shall have the right to contest the amount or validity of any lien of the nature set forth in Section 18 hereof or the amount or validity of any tax, assessment, charge, or other item to be paid by Tenant under Section 5 hereof by giving Landlord written notice of Tenant's intention to do so within twenty (20) days after the recording of such lien or at least ten days prior to the delinquency of such tax, assessment, charge, or other item, as the case may be. In any such case, Tenant shall not be in default hereunder, and Landlord shall not satisfy and discharge such lien nor pay such tax, assessment, charge or other item, as the case may be, until ten (10) days after the final determination of the amount or validity thereof, within which time Tenant shall satisfy and discharge such lien or pay such tax, assessment, charge or other item to the extent held valid and all penalties, interest, and costs in connection therewith; provided, however, that the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had upon any judgment rendered thereon, nor shall the payment of any such tax, assessment, charge or other item, together with penalties interest, and costs, in any case be delayed until sale is made or threatened to be made of the whole or any part of the Premises on account thereof, and any such delay shall be a default of Tenant hereunder. In the event of any such contest, Tenant shall protect and indemnify Landlord against all loss, cost, expense, and damage resulting therefrom, and upon notice from Landlord so to do, shall furnish Landlord a corporate surety bond payable to Landlord, in one hundred and twenty percent (120%) of the amount of the lien, tax, assessment, charge, or item contested, as the case may be, conditioned upon the satisfaction and

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discharge of such lien or the payment of such tax, assessment, charge, or other item, and all penalties, interest, and costs in connection therewith.

(b) To the fullest extent allowed by law, Tenant covenants and agrees that Landlord shall not at any time or to any extent whatsoever be liable, responsible or in any way accountable for any loss, injury, death, or damage to persons or property which, at any time may be suffered or sustained by Tenant or by any person who may at any time be using, occupying, or visiting the Premises or be in, on or about the Premises from any cause whatsoever, except when such loss, injury, death, or damage shall be caused by or in any way result from or arise out of the negligent or intentional acts or omissions of Landlord, or Landlord's agents, employees, or invitees. Furthermore, Tenant shall forever indemnify, defend, hold, and save Landlord free and harmless of, from and against any and all claims, liability, loss, or damage whatsoever on account of any such loss, injury, death or damage occasioned by any cause other than Landlord's intentional or negligent acts or omissions, or that of Landlord's agents, employees, or invitees. Tenant hereby waives all claims against Landlord for damages to the buildings and improvements now or hereafter located on the Premises and to the property of Tenant in, upon or about the Premises, and for injuries to persons or property in, on or about the Premises, from any cause arising at any time, except for any such claims arising from negligent or intentional acts or omissions committed by Landlord. Tenant's indemnity obligation set forth in this Section shall survive the termination or expiration of this Lease with respect to any claims or liabilities arising out of injury or damage to person or property which occurs during the Term.

Section 20. Eminent Domain.

(a) If the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term, or if a substantial portion of the Premises should be taken so as to materially impair the use of the Premises contemplated by Tenant, and thereby frustrate Tenant's purpose in entering into this Lease, as reasonably determined by Tenant, then, in either of such events, Tenant shall provide written notice of such determination to Landlord and any Lender, and subject to the consent of any Lender, this Lease shall terminate at the time of such taking. In such event, the portion of the award payable for or on account of the fair market value of the Property and the buildings and improvements thereon shall be allocated as follows: First, to any Lender, up to the amount required to pay in full the obligations secured by the Leasehold Mortgage; second, to Tenant, for the fair market value of Tenant's leasehold estate in the Premises (less any amounts payable to Lender); third, to Landlord for the fair market value of the Landlord's fee estate in the Premises; and fourth, to Tenant for all other compensation and damages, including, but not limited to, for the personal property and trade fixtures, Tenant's relocation and removal expenses, loss of business goodwill and any other items to which Tenant may be entitled under applicable law.

(b) If less than the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term and this Lease is not terminated as provided in subsection (a) above, Tenant shall promptly reconstruct and restore the Premises, with respect to the portion of the Premises not so taken, as reasonably practicable and to the extent of the condemnation proceeds payable to Tenant, as an integral unit of the same quality and character as existed prior to such taking. Subject to the rights of any Lender, the compensation and damages payable for, or on account of, such taking shall be applied to the

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reconstruction and restoration of the Premises by Tenant pursuant to this subsection (b) by application, first, to Tenant, the portion of the award allocable to the value of the portion of Tenant's leasehold estate in the Premises that is subject to the taking; and second, to Landlord, the portion of the award allocable to the value of the portion of the fee estate of the Premises subject to the taking. The remainder, if any, after reconstruction and restoration shall be divided among Landlord, Tenant and Lender in the manner provided in subsection (a) above.

Except as provided in subsection (a) above, no partial taking of any leasehold interest in the Premises or any part thereof shall terminate or give Tenant the right to surrender this Lease, nor excuse Tenant from full performance of its covenants for the payment of rent (as reduced pursuant the paragraph above) and other charges or any other obligations hereunder capable of performance by Tenant after any such taking, but in such case all compensation and damages payable for or on account of such taking shall be payable to and be the sole property of Tenant and Lender.

(c) Should Landlord and Tenant for any reason disagree (i) as to whether Tenant was reasonable in determining that any portion of the Premises taken is so substantial as materially to impair the use of the Premises contemplated by Tenant pursuant to subsection (b), or (ii) on the division of any compensation or damages paid for or on account of any taking of all or any portion of the Premises, then, and in any of such events, the matter shall be determined by arbitration in the manner provided in Section 31 hereof.

Section 21. Landlord's Right of Inspection. Landlord shall have the right to inspect the Premises upon not less than three (3) days prior written notice to Tenant.

Section 22. Tenant's Defaults and Landlord's Remedies. It shall be an event of default hereunder (each an "**Event of Default**") if (i) default shall be made by Tenant in the punctual payment of any rent or other moneys due hereunder and shall continue for a period of fifteen (15) days after written notice thereof to Tenant; (ii) default shall be made by Tenant in the performance or observance of any of the other agreements, covenants or conditions of this Lease on the part of Tenant to be performed and observed and such default shall continue for a period of thirty (30) days after written notice thereof to Tenant, or, in the case of a default which cannot be cured by the payment of money and cannot reasonably be cured within thirty (30) days, shall continue for an unreasonable period after such written notice; (iii) Tenant shall abandon the Premises for thirty (3) days or more; (iv) Tenant shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the federal government or any state government or any subdivision of either now or hereafter in effect, make an assignment for the benefit of its creditors, consent to, or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises; (v) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of Tenant or of the whole or any substantial part of the Premises, and such order, judgment or decree shall not be vacated, set aside or stayed within ninety (90) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; (vi) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Tenant under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order judgment

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or decree shall not be vacated, set aside or stayed within ninety (90) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; or (vii) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Tenant or of the whole or any substantial part of the Premises, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control. Upon the occurrence of any Event of Default by Tenant hereunder, then subject to the rights of any Lender pursuant to Section 16, Landlord shall have the following rights and remedies, in addition to all other rights and remedies of Landlord provided hereunder or by law:

(a) Subject to Section 16, the right to terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises, and pay to Landlord all rent and all other amounts payable by Tenant hereunder to the date of such termination;

(b) The remedies described in California Civil Code Section 1951.2, including, without limitation, the right to recover the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subdivision (b) of section 1951.2 of the California Civil Code;

(c) The remedies described in California Civil Code section 1951.4, including, without limitation, the right to collect, by suit or otherwise, each installment of rent or other sums that become due hereunder, or to enforce, by suit or otherwise, performance or observance of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed; or

(d) The right to cause a receiver to be appointed in any action against Tenant to take possession of the Premises or to collect the rents or profits therefrom. Neither appointment of such receiver nor any other action taken by Landlord shall constitute an election on the part of Landlord to terminate this Lease unless written notice of termination is given to Tenant.

Section 23. Nonwaiver. If any action or proceeding is instituted or if any other steps are taken by Landlord or Tenant, and a compromise part payment or settlement thereof shall be made, either before or after judgment, the same shall not constitute or operate as a waiver by Landlord or Tenant of any agreement, covenant or condition of this Lease or of any subsequent breach thereof. No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder. No waiver of any provision hereof by Landlord or Tenant shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Landlord or Tenant, as the case may be. The receipt by Landlord of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Payment by Tenant or receipt by Landlord of a lesser amount than the stipulated rent or other sums due Landlord shall operate only as a payment on account of such rent or other sums. No endorsement or statement on any check or other remittance or in any communication accompanying or relating to such payment shall operate as a compromise or accord and satisfaction unless the same is approved in writing by Landlord, and Landlord may accept such check, remittance or payment without prejudice to its

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right to recover the balance of any rent or other sums due by Tenant and pursue any remedy provided under this Lease or by law.

Section 24. No Merger.

(a) There shall be no merger of the leasehold estate created by this Lease with any other estate in the Premises, including the fee estate, by reason of the fact that the same person may own or hold the leasehold estate created by this Lease, or an interest in such leasehold estate, and such other estate in the Premises, including the fee estate, or any interest in such other estate; and no merger shall occur unless and until Landlord, Tenant and any Lender shall join in a written instrument effecting such merger and shall duly record the same.

(b) No termination of this Lease shall cause a merger of the estates of Landlord and Tenant, unless Landlord so elects and any such termination shall, at the option of Landlord, either work a termination of any sublease in effect or act as an assignment to Landlord of Tenant's interest in any such sublease. Notwithstanding the foregoing, in the event of the termination of this Lease and the execution of a new lease with Lender or its nominee pursuant to Section 16(i) above, the termination of this Lease shall neither work a merger of estates nor a termination of any subleases in effect unless Lender so elects.

Section 25. No Partnership. It is expressly understood and agreed that Landlord does not, in any way or for any purpose by executing this Lease, become a partner of Tenant in the conduct of Tenant's business, or otherwise, or a joint venturer or a member of a joint enterprise with Tenant.

Section 26. Covenants Run With Land.

(a) The agreements, covenants and conditions in this Lease contained are and shall be deemed to be covenants running with the land and the reversion and shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns and all subsequent Landlords and Tenants respectively hereunder.

(b) All references in this Lease to **"Tenant"** or **"Landlord"** shall be deemed to refer to and include successors and assigns of Tenant or Landlord, respectively, without specific mention of such successors or assigns.

Section 27. Notices. Except as otherwise provided hereunder; any notice or communication to Landlord, Tenant or Lender shall be in writing and be mailed by certified mail, postage prepaid. Notices or communications shall be addressed to Landlord at:

Stanton Housing Authority
Attn: Executive Director
7800 Katella Avenue
Stanton, CA 90680
Phone: (714) 890-4277
Email: jhildenbrand@ci.stanton.ca.us

With copy to:

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Best Best & Krieger, LLP
18101 Von Karman Ave, Suite 1000
Irvine, CA 92614
Attention: HongDao Nguyen
Phone: (949) 263-2614
Email: hongdao.nguyen@bbklaw.com

or such other address or addresses as Landlord shall from time to time designate, or to such agent of Landlord as it may from time to time designate, by notice in writing to Tenant. Notices or communications shall be addressed to Tenant at:

Beach2 Housing Partners LP
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attn: Vicky Rodriguez, Senior Director
Phone: (949) 263-8676
Email: vrodriguez@jamboreehousing.com

With copy to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attention: Patrick D. McCalla
Phone: (714) 641-5100
Email: pmccalla@rutan.com

With a copy to:

BF Stanton Apartments, LLLP
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts
Attention: Asset Management -Tahiti Apartments
Phone: (800) 829-9213

With a copy to:

Holland & Knight LLP
10 St. James Avenue
Boston, Massachusetts 02116
Attention: Kristen M. Cassetta, Esq
Phone: (617) 523-2700

or such other address or addresses as Tenant shall from time to time designate, or to such agent of Tenant as it may from time to time designate, by notice in writing to Landlord. Notices or

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communications to Lender shall be addressed to Lender at such address as Lender shall from time to time designate by notice in writing to Landlord. Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

Landlord agrees to provide the Tenant's limited partner with simultaneous written notice of any Default or Event of Default sent to the Tenant. Landlord agrees that a cure made or tendered by the Tenant's limited partner under this Lease shall be accepted or rejected on the same basis as if such cure was made or tendered by the Tenant and, to the extent accepted, shall be deemed to be a cure by the Tenant hereunder.

Section 28. Limitation of Landlord's Liability. In the event of any transfer of Landlord's interest in this Lease, the Landlord herein named (and in case of any subsequent transfer, the then transferor) shall be automatically freed and relieved from and after the date of such transfer of all personal liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed; provided, however, that any funds in the hands of Landlord or the then transferor at the time of such transfer, in which Tenant has an interest shall be turned over to the transferee and any amount then due and payable to Tenant by Landlord or the then transferor under any provision of this Lease shall be paid to Tenant; and provided, further, that upon any such transfer, the transferee shall expressly assume, subject to the limitations of this Section 28, all of the agreements, covenants and conditions in this Lease to be performed on the part of Landlord, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding on each Landlord, its successors and assigns, only during its period of ownership.

Section 29. Estoppel Certificates. Tenant or Landlord, as the case may be, will execute, acknowledge and deliver to the other and/or to Lender, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which the Rent, and other monetary obligations have been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by Landlord of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed (and, if so, specifying the same), and (d) whether there are then existing any defaults by Tenant in the performance or observance by Tenant of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed and whether any notice has been given to Tenant of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective purchaser, mortgagee or trustee under a deed of trust of the Premises or any part thereof.

Section 30. Holding Over. This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Tenant after the expiration of the Term shall not constitute a renewal hereof or give Tenant any rights hereunder or in or to the Premises, except as otherwise herein provided, it being understood and agreed that this Lease cannot be renewed, extended or in any manner modified except in writing signed by Landlord and Tenant.

Section 31. Arbitration. In the event of a dispute under Section 17(d) or Section 20(c) of this Lease, the matter shall be determined by arbitration conducted by a retired judge from the panel of Judicial Arbitration & Mediation Services, Inc. ("JAMS") at its office located closest to

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the Premises. Any arbitration must commence within six (6) months after the commencement of the dispute under Section 17(d) or Section 20(c). The parties may agree on a retired judge from the JAMS panel. If they are unable to agree, JAMS will provide a list of three available judges and each party may strike one. The remaining judge will serve as the arbitrator. Arbitration fees will initially be payable one-half by Landlord and one-half by Tenant; provided, that fees and costs in the arbitration may be awarded by the arbitrator. In the event that JAMS ceases to exist, Landlord and Tenant shall agree upon another alternative dispute resolution service having offices in the Orange County area. This Section 31 shall be strictly limited to disputes under Section 17(d) or Section 20(c) herein, and nothing in this Lease requires that Landlord pursue arbitration in the event of a breach or default by Tenant hereunder.

Section 32. [Reserved].

Section 33. Default Interest. In the event that Tenant shall fail to pay any amount of Rent, or any other monetary obligations owed to Landlord hereunder within thirty (30) days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at the maximum interest rate permitted by law from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord.

Section 34. Severability. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.

Section 35. Time of the Essence. Time is of the essence of each and all of the agreements, covenants, and conditions of this Lease.

Section 36. Consents. Whenever in this Lease the consent or approval of either Landlord or Tenant is required or permitted, the party requested to give such consent or approval will respond within fifteen (15) business days of the receipt of a written request delivered in accordance with Section 27 of this Lease, and except as expressly authorized under this Lease, will not unreasonably withhold its consent or approval.

Section 37. Memorandum of Lease. Contemporaneously with the execution of this Lease, Landlord and Tenant will execute and acknowledge for recordation in the Official Records of the County of Orange a Memorandum of Lease substantially in the form of Exhibit "B" hereto.

Section 38. TCAC Lease Rider. If required by the California Tax Credit Allocation Committee ("TCAC"), contemporaneously with the execution of this Lease, Landlord and Tenant will execute and acknowledge for recordation in the Official Records of the County of Orange a lease rider in the form then in use by TCAC.

Section 39. Attorney Fees. In the event of any action or proceeding at law or in equity between Landlord and Tenant to enforce any provision of this Lease or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses, including reasonable attorney fees, incurred therein by such prevailing party, and if such prevailing party shall recover judgment in any such action or

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proceeding, such costs, expenses and attorney fees shall be included in and as a part of such judgment.

Section 40. Integration. This instrument constitutes the entire agreement between Landlord and Tenant with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral or written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Landlord, Tenant and, if required by any Lender, by Lender.

Section 41. Amendments. This Lease may be modified only in writing and only if signed by duly authorized representatives of the parties.

Section 42. Governing Law; Venue. This Lease shall be governed by and construed in accordance with the laws of the State of California. Any actions to enforce and or interpret the terms of this Lease shall be submitted to the Superior Court for the County of Orange, which will have the exclusive jurisdiction regarding the dispute and to whose jurisdiction the parties irrevocably commit.

Section 43. Public Records Act. Tenant acknowledges Landlord is subject to the California Public Records Act (Gov. Code, Section 6250, et. seq.). If Landlord receives a request for records related to information obtained from Tenant pursuant to this Lease, Landlord, to the extent permissible under applicable law, agrees to provide Tenant with written notice of such request within seventy-two (72) hours of its receipt of the records request. Tenant shall then have seventy-two (72) hours to determine whether it considers any of the information confidential proprietary information and whether it will take legal action to prevent disclosure of the requested information. Tenant acknowledges a request for records under the California Public Records Act will require prompt response from Tenant given Landlord's obligation to respond to such request within ten (10) days of its receipt of such request for records. Absent a timely response, Landlord shall release all of the requested records, and in such event Landlord shall have no monetary liability whatsoever to Tenant for release of such records; nor shall Landlord be obligated to defend against any challenge related to a California Public Records Act request or a subpoena for records that Tenant asserts are confidential. Tenant further agrees to indemnify, hold Landlord harmless from and against any and all claims, causes of action, damages, and judgments, as well as attorney fees and costs, resulting from a challenge related to a records request or subpoena for records that Tenant asserts are confidential. Tenant's indemnity obligations under this Section 42 shall survive the Termination Date.

Section 44. Force Majeure. In the event that either party hereto shall be delayed or prevented from the performance of any of its obligations required hereunder due to circumstances beyond the reasonable control of the non-performing party, including but not limited to, strikes, lockouts or other differences with workers or unions, pandemic or epidemic, fire, flood, acts of God, hostilities, civil commotion, governmental acts, orders or regulations, failure of power, or other reason of a like or similar nature, not the fault of the party delayed in performing its services or doing acts required under the terms of this Lease, then performance of such acts shall be excused for the period of the delay. Notwithstanding the foregoing, this provision shall not apply to Tenant's obligation to pay rent or other sums due hereunder, and Tenant shall continue to timely perform its payment obligations hereunder as and when due.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the date first written above.

LANDLORD:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Its: _____

TENANT:

BEACH2 HOUSING PARTNERS LP, a California
limited partnership

By: JHC-Beach2 MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing
Corporation, a California non-profit
public benefit corporation,
its Managing Member

By: _____
Name: Michael Massie
Title: Chief Development Officer

EXHIBIT "A"

DESCRIPTION OF PROPERTY

That certain real property located in the City of Stanton, Orange County, California, described as follows:

THAT PORTION OF LOT 13 IN SECTION 25, TOWNSHIP 4 SOUTH, RANGE 11 WEST, AS SHOWN ON A MAP RESURVEY OF THE J.W. BIXBY AND CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS, IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, FILED IN BOOK 2 PAGE 43, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 OF TRACT NO. 2060, IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 61 PAGES 11 TO 14 INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

THENCE SOUTH 89° 57' 40" WEST ALONG THE NORTHERLY LINE OF THE SOUTH 20.00 ACRES OF SAID LOT 13 A DISTANCE OF 490.31 FEET, SAID POINT BEING THE TRUE POINT OF BEGINNING,

THENCE SOUTH 0° 12' 10" EAST 123.23 FEET TO THE NORTHERLY LINE OF LAND DESCRIBED IN A DEED BELONGING TO BRUCE M. YARBOROUGH AND WIFE, RECORDED NOVEMBER 3, 1949, IN BOOK 1923, PAGE 119, OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH 89° 57' 40" WEST 170.00 FEET ALONG SAID NORTHERLY LINE TO THE CENTER LINE OF STANTON ROAD, AS SHOWN ON SAID RECORD OF SURVEY MAP;

THENCE NORTH 0° 12' 10" WEST 123.23 FEET ALONG SAID CENTER LINE TO THE NORTHERLY LINE OF THE SOUTH 20 ACRES OF SAID LOT 13;

THENCE NORTH 89° 57' 40" EAST 170.00 FEET TO THE TRUE POINT OF BEGINNING. EXCEPTING THEREFROM THE WEST 30.00 FEET AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED APRIL 30, 1951, IN BOOK 2182, PAGE 410 OF SAID OFFICIAL RECORDS.

APN: 131-241-21

EXHIBIT “B”
MEMORANDUM OF LEASE
[ATTACHED]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO

Beach2 Housing Partners LP
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Suite 200
Irvine, CA 92614
Attn: Michael Massie

With a copy to:

Stanton Housing Authority
Attn: Executive Director
7800 Katella Avenue
Stanton, CA 90680

MEMORANDUM OF LEASE

This memorandum of lease ("**Memorandum of Lease**") is made as of this _____ day of April, 2022, by and between the STANTON HOUSING AUTHORITY, a public body, corporate and politic ("**Landlord**") and BEACH2 HOUSING PARTNERS LP., a California limited partnership ("**Tenant**"), who agree as follows:

1. The Lease. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises (described below) on the terms and conditions set forth in that certain unrecorded Ground Lease ("Lease") dated on or about the same date hereof, between the parties. (Unless expressly provided otherwise, all capitalized terms and phrases used in this Memorandum shall have the same meanings as set forth in the Lease.)

2. The Premises. The Premises which are the subject of the Lease are that certain real property located at 11870 Beach Boulevard, City of Stanton, Orange County, California, commonly known as Assessor Parcel No. 131-241-21 and more particularly described in Exhibit "1" attached hereto and made a part hereof by this reference.

3. Term. The term ("**Term**") of the Lease shall commence upon the recording of this Memorandum and expire ninety-nine (99) years thereafter. If this Lease is terminated pursuant to the terms of the Lease, Tenant will record a release or a quitclaim of this Memorandum.

4. Purpose of Memorandum. This Memorandum of Lease is prepared for the purpose of notice and recordation. This Memorandum of Lease does not and is not intended to modify the provisions of the Lease.

LANDLORD:

STANTON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Its: _____

TENANT:

BEACH2 HOUSING PARTNERS LP., a California
limited partnership

By: JHC-Beach2 MGP, LLC,
a California limited liability company,
its Managing General Partner

By: Jamboree Housing
Corporation, a California non-profit
public benefit corporation,
its Managing Member

By: _____
Name: Michael Massie
Title: Chief Development Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "1" TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION OF PREMISES

That certain real property located in the City of Stanton, Orange County, California, described as follows:

THAT PORTION OF LOT 13 IN SECTION 25, TOWNSHIP 4 SOUTH, RANGE 11 WEST, AS SHOWN ON A MAP RESURVEY OF THE J.W. BIXBY AND CO'S SUBDIVISION OF A PART OF THE RANCHO LOS ALAMITOS, IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, FILED IN BOOK 2 PAGE 43, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 OF TRACT NO. 2060, IN THE CITY OF STANTON, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 61 PAGES 11 TO 14 INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

THENCE SOUTH 89° 57' 40" WEST ALONG THE NORTHERLY LINE OF THE SOUTH 20.00 ACRES OF SAID LOT 13 A DISTANCE OF 490.31 FEET, SAID POINT BEING THE TRUE POINT OF BEGINNING,

THENCE SOUTH 0° 12' 10" EAST 123.23 FEET TO THE NORTHERLY LINE OF LAND DESCRIBED IN A DEED BELONGING TO BRUCE M. YARBOROUGH AND WIFE, RECORDED NOVEMBER 3, 1949, IN BOOK 1923, PAGE 119, OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH 89° 57' 40" WEST 170.00 FEET ALONG SAID NORTHERLY LINE TO THE CENTER LINE OF STANTON ROAD, AS SHOWN ON SAID RECORD OF SURVEY MAP;

THENCE NORTH 0° 12' 10" WEST 123.23 FEET ALONG SAID CENTER LINE TO THE NORTHERLY LINE OF THE SOUTH 20 ACRES OF SAID LOT 13;

THENCE NORTH 89° 57' 40" EAST 170.00 FEET TO THE TRUE POINT OF BEGINNING. EXCEPTING THEREFROM THE WEST 30.00 FEET AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED APRIL 30, 1951, IN BOOK 2182, PAGE 410 OF SAID OFFICIAL RECORDS.

APN: 131-241-21