

manager. In addition, not fewer than sixteen (16) (“Required Senior Units”) of the Housing Units restricted to Affordable Rents shall further be restricted to occupancy by Senior Citizen Households.

2.4 Income and Age Certification Requirements. Following the completion of the Construction and annually thereafter (on or before April 30 of each year), as part of the annual report required by Section 3.7 and Exhibit C, Developer shall submit to Authority, at Developer’s expense, a written summary of the income, household size and rent payable by each of the tenants of the Housing Units, and verification that the Required Senior Units are occupied by Senior Citizen Households or are held for occupancy by Senior Citizen Households. At Authority’s request, but not less frequently than prior to each initial and subsequent rental of each Housing Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to Authority completed income computation, asset evaluation, and certification forms, for any such tenant or tenants, in substantially the form attached hereto as Attachment No. 21 to the HOME Agreement (or such other form as may be provided by Authority from time to time to comply with Federal Program Limitations or other legal requirements). Developer shall obtain, or shall cause to be obtained by the Property Manager, an annual certification from each household leasing a Housing Unit demonstrating that such household is a 50% AMI Very Low Income Household or 59% AMI Low Income Household, as applicable, and meets the eligibility requirements established for the Housing Unit, both qualified Senior Citizen Households and Non-Senior/Family Households. Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of each tenant household. In order to comply with this Section, Developer shall submit to Authority any and all tenant income and occupancy certifications and supporting documentation required to be submitted to TCAC pursuant to the Tax Credit Rules and the Tax Credit Regulatory Agreement for the Project; provided, Authority may request (and Developer shall provide) additional documentation to assist Authority’s evaluation of Developer’s compliance with this Agreement, if determined to be necessary in the reasonable discretion of the Authority Director, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the HAL, Dissolution Law, and HOME Regulations and Federal Program Limitations, as applicable during the HOME Compliance Period and each tenant’s status as a Senior Citizen Household or a Non-Senior/Family Household, as applicable. This requirement is in addition to and does not replace or supersede Developer’s obligation to annually submit the Certificate of Continuing Program Compliance to Authority. Further, Authority has the right, but not the obligation to monitor compliance with respect to each tenant household at the Project and Authority’s election to monitor some, but not all, of the Housing Units shall not constitute a waiver of Authority’s right to monitor and enforce compliance with respect to all Housing Units in the future.

(a) Verification of Income of New and Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code Regs. Section 6914. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(i) Developer shall verify the income of each proposed tenant of the Project pursuant to the Tenant Selection Covenants set forth in Section 2.2 herein, and by at least one of the following methods as appropriate to the proposed tenant:

(A) obtain two (2) paycheck stubs from the person’s two (2) most recent pay periods.

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(B) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed.

(C) obtain an income verification certification from the employer of the person.

(D) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies.

(E) obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Developer.

(b) Verification regarding Eligibility of New Tenants. Developer shall retain documentation regarding the eligibility of each new tenant household, including that each such household satisfied the applicable priorities set forth in Section 2.2 above.

2.5 Affordable Rent.

(a) Maximum Monthly Rent. The maximum monthly rent chargeable for the Housing Units shall be annually determined by Authority in accordance with (i) Section 92.252 of the HOME Regulations (during the HOME Compliance Period), (ii) the Tax Credit Rules, and (iii) Health and Safety Code Section 50052.5 and 50053 (which rents and presumed family size are referred to on Attachment No. 10 as "CRL"), provided however as to the 59% AMI Housing Units, household income eligibility and calculation of affordable rent shall be determined based on income at or below 59% AMI and affordable rent at 30% of 59% of AMI (see (ii) below), as applicable, pursuant to the following formulas:

(i) The Affordable Rent for the Housing Units, both qualified Senior Citizen Housing Units and Non-Senior/Family Housing Units, to be rented to 50% AMI Very Low Income Households shall not exceed one-twelfth ($1/12^{\text{th}}$) of thirty percent (30%) of fifty percent (50%) of AMI for Orange County as determined in accordance with Health and Safety Code Sections 50052.5 and 50053 (and in the absence of such regulation, as determined in accordance with TCAC Regulations) and pursuant to the lowest and most restrictive of (a) CRL, or (b) the Tax Credit Rules, or (c) the HOME Regulations (but as to (c) only during the HOME Compliance Period), whichever calculation results in the most restrictive affordable rent.

(ii) The Affordable Rent for the Housing Units, both qualified Senior Citizen Housing Units and Non-Senior/Family Housing Units, to be rented to 59% AMI Low Income Households shall not exceed one-twelfth ($1/12^{\text{th}}$) of thirty percent (30%) of fifty-nine percent (59%) of AMI for Orange County as determined in accordance with Health and Safety Code Sections 50052.5 and 50053 (and in the absence of such regulation, as determined in accordance with TCAC Regulations) and pursuant to the lowest and most restrictive of: (a) CRL, or (b) the Tax Credit Rules, or (c) the HOME Regulations (but as to (c) only during the HOME Compliance Period), and as calculated and adjusted to 59% AMI Affordable Rent.

(iii) The Affordable Rent for all HOME Units shall also be limited to and shall not exceed the *lesser* of (A) the Affordable Rent amount described in subsection (i) or (ii)

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above, as applicable, or (B) during the HOME Compliance Period, the applicable Low HOME rent amount pursuant to the HOME Regulations for the 50% AMI Housing Units and the High HOME rent amount pursuant to the HOME Regulation for the 59% AMI Housing units.

For purposes of this Agreement, "Affordable Rent" shall mean the total of monthly payments for (a) use and occupancy of each Housing Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

(b) Rent Schedule and Utility Allowance. Authority will review and approve the Affordable Rents proposed by Developer for all of the Housing Units together with the monthly allowances proposed by Developer for utilities and services to be paid by the tenant. Developer must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with Sections 2.4 and 3.7 herein. The maximum monthly rent must be recalculated by Developer and reviewed and approved by Authority annually to confirm the rents are consistent with this Agreement and applicable legal requirements, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Developer must provide all tenants not less than 30 days prior to written notice before implementing any increase in Rents.

(c) Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household or a 59% AMI Low Income Household prior to occupancy of a Housing Unit, both qualified Senior Citizen Housing Units and Non-Senior/Family Housing Units, in compliance with this Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 59% AMI Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Developer's obligation to provide a Housing Unit for households in such income category. To the extent the contract rent charged to tenants holding Portable Vouchers is limited to an Affordable Rent pursuant to Section 2.2(c) or Section 2.2(d), the contract rent chargeable for such Housing Unit shall be increased to reflect the Affordable Rent for a 50% AMI Very Low Income Household or a 59% AMI Low Income Household (as applicable) in accordance with the immediately preceding sentence. The HOME Units shall be "floating units" as defined in the HOME Regulations, such that the location of the Housing Units designated for each income category as well as the Housing Units designated as HOME Units may change within the Project provided that the next available Housing Unit containing the appropriate number of bedrooms shall be used to replace any Housing Units re-designated due to an increase in tenant income, such that to the extent reasonably practicable, the Project shall continuously comply with the unit mix set forth in Exhibit B. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any

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Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

(d) Most Restrictive Affordable Rent Covenants Govern. To the extent of an inconsistency between or among the foregoing covenants relating to Affordable Rent and other covenants or agreements applicable to the Project, the most restrictive covenants or agreement regarding the Affordable Rent for the Housing Units in the Project shall prevail among CRL, TCAC Rules and HOME Regulations.

(e) Affordable Rent Calculation Chart. In illustration of the foregoing description of Affordable Rent, attached to the HOME Agreement as Attachment No. 10 and fully incorporated herein by this reference is an "UNIT MIX AND AFFORDABLE RENT CALCULATION TABLES (Garden Grove United Methodist Church Apartments Project)." The charts are illustrative only and in the event of any inconsistency between such chart and the specific provisions of this Agreement, the provisions of this Agreement shall prevail.

2.6 Tenant Protections.

(a) Sublease. Developer shall execute or cause to be executed a written sublease in a form reasonably approved in writing by Authority (other than immaterial modifications thereto) which complies with all applicable federal, state and local laws, statutes, ordinances, rules and regulations, including the HAL, the Dissolution Law, all Federal Program Limitations, and (during the HOME Compliance Period) all applicable HOME Regulations (including 24 CFR 92.253) with each tenant household identifying by name all permitted occupants, both adults and minors, occupying each Housing Unit. The sublease between tenants occupying the Housing Units and Developer must be for not less than one year, unless by mutual agreement between the tenant and Developer. In the event Developer desires to use a different form sublease/rental agreement for the HOME Units than for the remaining non-HOME Units, Developer shall submit both proposed form sublease/rental agreements to Authority for Authority's reasonable approval of each such document.

(b) Prohibited Sublease Terms. The tenant sublease may not contain any of the following provisions:

(i) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the sublease;

(ii) Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the Housing Unit. The owner may dispose of this personal property in accordance with State law;

(iii) Excusing owner from responsibility. Agreement by the tenant not to hold the Developer or the Developer's agents legally responsible for any action or failure to act, whether intentional or negligent;

(iv) *Waiver of notice.* Agreement of the tenant that the Developer may institute a lawsuit without notice to the tenant;

(v) *Waiver of legal proceedings.* Agreement by the tenant that the Developer may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(vi) *Waiver of a jury trial.* Agreement by the tenant to waive any right to a trial by jury;

(vii) *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the sublease;

(viii) *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Developer against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and

(ix) *Mandatory social services.* Agreement by the tenant (other than a tenant in transitional housing) to accept social services that are offered.

(c) Termination of Tenancy. Developer may not terminate the tenancy or refuse to renew the sublease of a tenant of a Housing Unit within the Project except for failure to pay rent, serious or repeated violation of the terms and conditions of the sublease; for violation of applicable federal, state, or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days (or such longer period as may be required by applicable laws, including Federal Program Limitations) by Developer's service upon the tenant of a written notice specifying the grounds for the action.

2.7 Nondiscrimination.

(a) Nondiscrimination and Equal Opportunity. Developer hereby covenants, by and for itself, its successors and assigns, and all persons claiming under or through them, to comply with the following laws relating to nondiscrimination and equal opportunity to the extent applicable to the Project: (1) The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 *et seq.*; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.*; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3

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CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise), and the Unruh Act, California Civil Code Section 51, *et seq.*

(b) Prohibition of Inquiries on Sexual Orientation or Gender Identity. Developer further covenants, by and for itself, its successors and assigns, and all persons claiming under or through them, not to inquire about the sexual orientation or gender identity of an applicant for, or occupant of, the Project or any Housing Unit at the Site, for the purpose of determining eligibility for occupancy of such Housing Units or otherwise making such Housing Units available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity. Further, determinations of eligibility for occupancy of Housing Units at the Project shall be made in accordance with the eligibility requirements provided for such program by HUD, and such Housing Units shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

(c) Covenants Run With the Land. The covenants established in this Section 2.7, *et seq.*, shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority and its successors and assigns, and shall remain in effect in perpetuity.

ARTICLE 3

OPERATION AND MANAGEMENT OF THE PROJECT

3.1. Compliance with HOME Agreement. Developer shall comply with all the terms and provisions of the HOME Agreement.

3.2. Taxes and Impositions. After Developer's acquisition of the Conforming Leasehold Interest from UMC, Developer shall be responsible to and shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the "Impositions"): (i) all general and special real property taxes and assessments imposed on the Site; and (ii) all other taxes and assessments and charges of every kind that are assessed upon the Site and that create or may create a lien upon the Site (or upon any personal property or fixtures used in connection with the Site), including non-governmental levies and assessments pursuant to applicable covenants, conditions or restrictions. If permitted by law, Developer may pay any Imposition in installments (together with any accrued interest).

(a) Right to Contest. Developer shall not be required to pay any Imposition so long as (a) the validity of such Imposition is being actively contested in good faith and by appropriate proceedings, and (b) either (i) Developer has demonstrated to Authority's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of any parcel in satisfaction of such Imposition or otherwise impair Authority's interests under the Project Documents, or (ii) Developer has furnished Authority with a bond or other security

satisfactory to Authority in an amount not less than 120% of the applicable claim (including interest and penalties).

(b) Evidence of Payment. Upon demand by the Authority Director from time to time, Developer shall deliver to the Authority Director within thirty (30) days following the due date of any Imposition, evidence of payment of said Imposition reasonably satisfactory to the Authority Director, unless Developer is contesting the imposition in conformity with Section 3.2(a). In addition, upon demand by Authority from time to time, Developer shall furnish to Authority a tax reporting service for the Site of a type and duration, and with a company, reasonably satisfactory to Authority.

3.3 Management of the Project.

(a) Property Manager. Developer shall 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 property management standards for other comparable High Quality, well-managed rental housing projects in Orange County, California. Developer shall contract with a property management company or property manager to operate and maintain the Project in accordance with the terms of this Section ("Property Manager"); provided, however, the selection and hiring of the Property Manager (and each successor or assignee Property Manager) is and shall be subject to prior written approval of Authority Director in his sole and reasonable discretion. The Property Manager shall not be an Affiliate of Developer without the prior written consent of the Authority Director, which consent shall not be unreasonably withheld, delayed or conditioned. Developer shall conduct due diligence and background evaluation of any potential outside 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 prior experience with rental housing projects and properties comparable to the Project and the references and credit record of such manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to the Authority Director for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the Authority Director. Approval of a Property Manager by Authority Director shall not be unreasonably delayed but shall be in his sole and reasonable discretion, and Authority Director shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved Property Manager shall not be changed without the prior written approval of the Authority Director, which approval shall not be unreasonably withheld or delayed, but shall be in his sole and reasonable discretion. The selection by Developer of any new Property Manager also shall be subject to the foregoing requirements. The fee to be paid to the Property Manager shall not exceed the Maximum Property Management Fee. Authority hereby approves The John Stewart Company as the initial Property Manager.

(b) Management Plan. Prior to and as a Condition Precedent of disbursement of the HOME Loan proceeds and proceeds of the Additional Authority Loan, Developer shall prepare and submit to the Authority Director for review and approval a management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project ("Management Plan"). Authority Director approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to

approval of the Management Plan by the Authority Director the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Developer and Property Manager may from time to time submit to the Authority Director proposed amendments to the Management Plan, which are also subject to the prior written approval of the Authority Director, which approval shall not be unreasonably withheld or delayed. The Management Plan will include the requirement that no fewer than sixteen (16) of the Housing Units shall be restricted to occupancy by Senior Citizen Households. The Management Plan shall include provisions which implement the priority consideration of displaced households as described in Section 2.3 hereof.

(i) Gross Mismanagement. In the event of “Gross Mismanagement” (as that term is defined below) of the Project or any part of the Project, Authority Director 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 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 Authority Director. If Developer or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 20th day from the date of written notice (with evidence of such submitted to the Authority Director), but has failed to complete such cure by the 30th day, then Developer or Property Manager shall have an additional ten (10) days to complete the cure of such Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding forty-five (45) days from date of the initial written notice of such condition(s). If such condition(s) do persist beyond such period Authority Director shall have the sole and absolute right to immediately and without further notice to Developer (or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of the Authority Director’s selection at the sole cost and expense of Developer. If Developer takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

(A) For purposes of this Agreement, the term “Gross Mismanagement” shall mean management of the Project (or any part of the Project) in a manner which violates the terms and/or intention of this Agreement to operate a High Quality, covenanted affordable rental housing complex comparable to other similar complexes in Orange County, California, and shall include, but is not limited to, any one or more of the following:

- (1) Knowingly leasing to tenants who exceed the prescribed income levels;
- (2) Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
- (3) Underfunding required reserve accounts, unless funds are not reasonably available to deposit in such accounts;
- (4) Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;
- (5) Failing to submit timely and/or adequate annual reports to Authority as required herein;

(6) Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

(7) Failing to reasonably cooperate with the Garden Grove Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

(8) Failing to reasonably cooperate with the Garden Grove Fire Department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

(9) Failing to reasonably cooperate with the Garden Grove Planning & Building Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

(10) Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) (and/or, as applicable, generally accepted auditing principles); and

(11) Failing to re-lease Housing Units within ninety (90) days (on an annual average basis) following a notice of vacancy or termination by a tenant household and/or failing to maintain average (over the prior three (3) years) annual vacancy rates at less than ten percent (10%).

(ii) Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Developer 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. Developer shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Developer and its Property Manager.

(c) Marketing. Developer shall comply with an affirmative marketing plan reasonably approved by Authority, including methods for informing the public and potential tenants about the federal fair housing laws, procedures to inform and solicit applications from persons in the housing market area not likely to apply for tenancy at the Housing Units without special outreach and recordkeeping methods that will permit Authority to evaluate the actions taken by Developer (or Property Manager) to affirmatively market the Housing Units at the Project. Specific procedures for marketing and releasing Housing Units shall be set forth in the Management Plan and shall include:

(i) Posting advertisements and notices of the availability of the Housing Unit(s) in local newspapers and other publications. Such advertisements and notices shall include a description of the age and income requirements applicable to the Housing Unit(s).

(ii) Posting advertisements and notices of the vacancy(ies) at local religious institutions, nonprofit organizations operating in the City, community centers, public

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buildings such as post-offices, City Hall, the Community Meeting Center, the Garden Grove Senior Center and Central Library, and the City's website.

(iii) Posting advertisements and notices of the vacancy(ies) anywhere Developer believes tenant households eligible for occupancy in the Housing Units at the Project are likely to become informed.

(iv) Developer shall communicate the availability of Housing Units at the Project with nonprofits operating in Garden Grove, including communication of the eligibility requirements set forth in Section 2.3(a).

(d) Code Enforcement. Developer acknowledges and agrees that City and City's employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual units, both exterior and interior, at reasonable times during normal business hours and upon reasonable notice (not less than 48 hours prior notice) to Developer and/or an individual tenant. If such notice is provided by Authority or City representative(s) to Developer, then Developer (or its Property Manager) shall immediately and directly advise tenant of such upcoming inspection and use commercially reasonable efforts to cause the area(s) and/or units on the Project to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the approved lease/rental agreements for each Housing Unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

(e) Occupancy Limits. The maximum occupancy of the Housing Units in the Project, both Senior Citizen Housing Units and Non-Senior/Family Housing Units, shall not exceed more than such number of persons as is equal to two persons per bedroom, plus one. Thus, for the one (1) bedroom Housing Units, the maximum occupancy shall not exceed three (3) persons. For the two (2) bedroom Housing Units, the maximum occupancy shall not exceed five (5) persons. For the three (3) bedroom Housing Units, the maximum occupancy shall not exceed seven (7) persons.

3.4 Capital Reserve Requirements. Developer shall annually set aside and fund the Capital Replacement Reserve amounts defined and required under this Agreement (Two Hundred Fifty Dollars (\$250) per year for each Housing Unit, increased annually by 3%) or shall cause the Property Manager to do so. The Capital Replacement Reserve deposits shall be allocated from the gross rents received from the Site and shall be deposited into a separate interest-bearing trust account. Funds in the Capital Replacement Reserve shall be used for capital replacements to the fixtures and equipment on the Site (including common areas) that are normally capitalized under generally accepted accounting principles and shall include the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Site and all common areas and common improvements in the manner prescribed herein.

(a) Annual Accounting of Reserve. Not less than once per year, Developer, at its expense, shall submit to Authority an accounting for the Capital Replacement Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 3.4.

3.5 Operating Budget. Within twelve (12) months after commencement of Construction of the Project, but in no event later than ninety (90) days prior to the completion of Construction of the Project, and not less than annually thereafter on or before October 1 of each year, Developer shall submit to Authority on not less than an annual basis an Operating Budget for the Project, which budget shall be subject to the written approval of Authority Director or his/her designee, which approval shall not be unreasonably withheld. The Authority Director's discretion in review and approval of each proposed annual Operating Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: extent, type, and amount for social services at or associated with the Project; existing balance(s) in and proposed deposits to the Capital Replacement Reserve and Capitalized Operating Reserve to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits (provided that required annual deposits into the Capitalized Replacement Reserve are not required to exceed \$250/per unit and the amount maintained in the Capitalized Operating Reserve is not required to exceed the Target Amount); conformity of any annual increases in the Partnership Related Fees/Expenses with the increases permitted by the HOME Agreement; reasonableness and conformity to prevailing market rates in the City and rates and fees for goods and services to be provided by Developer or any Affiliate. The Operating Budget shall be in substantially the form attached to the HOME Agreement as Attachment No. 17, or such other form as may be required by Authority from time to time. Authority shall not unreasonably withhold, condition, or delay Authority's approval of the annual Operating Budget or any amendments thereto.

3.6 Capitalized Operating Reserve. Commencing on or before the Conversion, Developer shall, or shall cause the Property Manager to, set aside an amount equal to three (3) months of (i) Debt Service on the Primary Loan and (ii) Operating Expenses for the Project ("Target Amount") in an Capitalized Operating Reserve to be held in a separate interest bearing trust account, which initial deposit shall be funded using proceeds of the Primary Loan and Tax Credit equity. The Capitalized Operating Reserve shall thereafter be replenished from Annual Project Revenue (if any) only to the extent required by the Primary Lender or the Developer's Tax Credit investor. The amount in the Capitalized Operating Reserve shall be retained to cover shortfalls between Annual Project Revenue and actual Operating Expenses, but shall in no event be used to pay for capital items or capital costs properly payable from the Capital Replacement Reserve.

(a) Annual Accounting of Reserve. Not less than once per year, Developer, at its expense, shall submit to Authority an accounting for the Capitalized Operating Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 3.6.

3.7 Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in the HAL and the HOME Program (during the HOME Compliance Period), including Section 92.508 (or successor regulation) of the HOME Regulations (and specifically including the requirements set forth in Exhibit C of this Agreement) and Health and Safety Code Section 33418. On or before April 30 in each year following the Closing, Developer shall annually complete and submit to Authority (a) an annual report including all information required by Exhibit C to this Agreement and (b) a Certification of Continuing Program Compliance substantially in the form of Attachment No. 13 to

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the HOME Agreement, or other form provided by Authority Director. Representatives of Authority shall be entitled to enter the Site during regular business hours, upon at least 48 hours' notice, to monitor compliance with this Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. Developer agrees to cooperate with Authority in making the Site and all Housing Units thereon available for such inspection or audit. Developer agrees to maintain records in a businesslike manner, to make such records available to Authority upon 48 hours' notice, and to maintain such records for the entire Affordability Period.

(a) HOME Matching Requirement. Developer acknowledges that Authority will use HOME Funds to make the HOME Loan and that the HOME Program, specifically 24 CFR 92.218 through 24 CFR 92.222, contains a HOME Matching Requirement. City and Authority intend to utilize this Project and count as match funds the Tax Credit Investor's equity investment, other of Developer's expenditures on and subsidies to the Project that are eligible to be applied to the HOME Matching Requirement pursuant to the HOME Regulations. Developer agrees to cooperate in good faith with the Authority to track and report compliance with the HOME Matching Requirement and to provide to Authority in its progress reports (Attachment No. 19 of the Agreement) such information and to maintain such records necessary to evidence Project funds applicable to the HOME Matching Requirement.

(b) Annual Monitoring Fee. Concurrently with the delivery of each annual report and Certificate of Continuing Program Compliance to Authority, Developer shall pay an Annual Monitoring Fee to Authority in the amount of Sixty Dollars (\$60) per Housing Unit per year, increased annually by 3%, which shall compensate Authority for its costs incurred to monitor Developer's compliance with the HOME Agreement and this Agreement; provided however, the source of payment of the Annual Monitoring Fee shall be from the Developer's Share of Residual Receipts and may be accrued during the initial 15 years of the Affordability Period.

3.8 Right of Entry for Inspection. Representatives of Authority shall be entitled to enter the Site during normal business hours, upon at least 48 hours' notice, to monitor compliance with the HOME Agreement and this Agreement (including the terms and conditions of Section 3.7 above), to inspect the records of the Project with respect to the Housing Units, and to conduct an independent audit of such records. Developer agrees to reasonably cooperate with Authority in making the Site and records relating to the Project available for such inspection. If for any reason Authority is unable to obtain Developer's consent to such an inspection, Developer understands and agrees that Authority may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Site.

3.9 Social Services. Developer shall provide social services to the tenant households, both Senior Citizen Households and Non-Senior/Family Households, of the Project in accordance with the Description of Social Services set forth as Attachment No. 15 of the HOME Agreement throughout the entire Affordability Period. The specific social services to be provided by Developer at the Project are subject to reasonable approval by Authority and HUD and in the event Developer intends to materially modify the social services to be provided at the Project, Developer must first (1) submit a written explanation of such modification to Authority along with any supporting documentation reasonably requested by Authority Director and (2) obtain Authority Director's reasonable approval of such modified social services to be provided at the Project.

ARTICLE 4
MAINTENANCE

4.1. Maintenance.

(a) General Maintenance. Developer shall maintain the Site and all improvements thereon, including lighting and signage, in good condition, free of debris, waste and graffiti, and in compliance with all applicable provisions of the Garden Grove Municipal Code. Developer shall maintain in accordance with the Maintenance Standards (as hereinafter defined) the improvements and landscaping on the Site. Such Maintenance Standards shall apply to all buildings, signage, common amenities, lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and the Project. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

Developer and its maintenance staff, contractors or subcontractors shall comply with the following standards as to the Project (collectively, "Maintenance Standards"):

(i) The Site and the Project shall be maintained in conformance and in compliance with the approved final as-built plans, and reasonable maintenance standards which comply with the industry standard for comparable High Quality affordable housing projects in the County, including but not limited to painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curblin. The Site shall be maintained in good condition and in accordance with the industry custom and practice generally applicable to comparable High Quality affordable housing projects in the County.

(ii) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(iii) Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

Authority agrees to notify Developer in writing if the condition of the Site does not meet with the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written

notification states the problem is urgent relating to the public health and safety, then Developer shall have forty-eight (48) hours to rectify the problem. In the event Developer does not maintain the Site in the manner set forth herein and in accordance with the Maintenance Standards, Authority shall have, in addition to any other rights and remedies hereunder, the right to maintain the Site, or to contract for the correction of such deficiencies, after written notice to Developer, and Developer shall be responsible for the payment of all such costs incurred by Authority.

4.2 Program Maintenance. In addition to the routine maintenance and repair required pursuant to Section 4.1, Developer shall perform the following minimum programmed maintenance of the Improvements to the Site:

- (a) Interior painting and window covering replacement at least every seven (7) years;
- (b) Exterior painting at least every ten (10) years;
- (c) Repair and resurfacing of parking areas and walkways at least every five (5) years; and
- (d) Replacement of all deteriorated or worn landscaping and play equipment at least every five (5) years.

Upon the request of Developer, the Authority Director, at his sole and absolute discretion, may grant a waiver or deferral of any program maintenance requirement. Developer shall keep such records of maintenance and repair as are necessary to prove performance of the program maintenance requirements. If deterioration of improvements or landscaping at the Project warrants, Developer shall perform maintenance more frequently than the requirements of this Section 1208.2 to ensure the Project is maintained at a High Quality as required by this Agreement and the HOME Agreement.

ARTICLE 5

FEDERAL PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS

Developer must carry out each activity in connection with the Project in conformance with the HOME Agreement, this Agreement and, to the extent applicable, with the HOME Program, HOME Regulations, Federal Program Limitations, and the HAL.

5.1 HOME Program. Because the HOME Loan to Developer will be provided with HOME Program funds, Developer shall carry out the Construction of the Housing Units and the operation of the Project during the HOME Compliance Period in conformity with all requirements of the HOME Program (including the 2013 Final Rule) to the extent applicable to the Project. In the event Developer desires to change the affordable housing or maintenance requirements for the Site from the specific requirements set forth in this Agreement in order to comply with a subsequently enacted amendment to the HOME Program, Developer shall notify Authority in writing of such proposed change and the amendment related thereto at least thirty (30) days prior to implementing such change. In the event Authority disapproves of such change and Developer's interpretation of the amendment related thereto, Authority shall notify Developer of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with

Developer's interpretation of the HOME Program shall Developer be permitted to implement the proposed change.

Due to the source of funding for the HOME Loan from HOME Program funds, which is a federal revenue source, Developer shall comply with all applicable Federal Program Limitations, including without limitation, the following federal provisions.

5.2 Property Standards. Developer agrees to ensure that Construction of the Project will comply with all applicable requirements of the HOME Regulations, including 24 CFR §92.251, including the following requirements:

(a) State and Local Requirements. The Project and all Housing Units and common areas at the Site shall meet all applicable State and local codes, ordinances, and zoning requirements, including all applicable requirements set forth in the Garden Grove Municipal Code and all applicable State and local residential and building codes. The Project and all Housing Units and common areas at the Site must meet all such applicable requirements upon Project completion.

(b) HUD Requirements. The Project and all Housing Units and common areas at the Site shall also meet the requirements described in paragraphs (i) through (iv) of this Section 5.2(b):

(i) Accessibility. The Project and all Housing Units and common areas at the Site shall meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

(ii) Disaster Mitigation. Where relevant, the Project must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

(iii) Written Cost Estimates, Construction Contracts and Construction Documents. The Construction Contract(s) and Development Plans must describe the Construction work to be undertaken in adequate detail so that the Authority can conduct inspections in accordance with the HOME Regulations. The Developer shall also provide written cost estimates for Construction for Authority's review; Authority shall determine whether such cost estimates are reasonable.

(iv) Construction Progress Inspections. Developer shall permit and facilitate progress and final inspections of Construction by the Authority to ensure that work is done in accordance with the applicable codes, the Construction Contract(s), and Development Plans.

(c) Ongoing Property Condition Standards: Rental Housing. Authority has established property standards for rental housing ("Authority's Property Standards"), which standards include all inspectable items and inspectable areas specified by HUD based on the HUD

physical inspection procedures (Uniform Physical Condition Standards (UPCS)) prescribed by HUD pursuant to 24 CFR 5.705. Developer shall ensure that the Project, including all Housing Units and common areas at the Site, shall comply with the Authority's Property Standards throughout the Affordability Period. In accordance with the Authority's Property Standards, Developer shall maintain the Project, including all Housing Units and common areas at the Site: (i) as decent, safe, and sanitary housing in good repair, (ii) free of all health and safety defects and life-threatening deficiencies, and (iii) in compliance with the lead-based paint requirements in 24 CFR part 35.

(d) Inspections; Corrective and Remedial Actions. In accordance with the HOME Regulations, Authority shall undertake ongoing inspections of the Project in accordance with §92.504(d). Authority has developed written inspection procedures and procedures for ensuring that timely corrective and remedial actions are taken by the Developer to address identified deficiencies.

5.3 Labor Standards (Davis-Bacon). In addition to compliance with Section 1303.1 of the HOME Agreement, the Construction Contract for the Project, as well as any other contract for the Construction work, shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of the United States Department of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §276a-276a-5), will be paid to all laborers and mechanics employed in the Construction work, and such contract(s) shall also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §3701, *et seq.*). Participating contractors, subcontractors, and other participants must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. Developer shall supply to Authority certification, in form and substance satisfactory to HUD and Authority Director, as to compliance with the provisions of this Section before receiving any disbursement of federal funds for the Construction work.

5.4 Handicapped Accessibility. Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR 8C governing accessibility of projects assisted with federal funds; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR 35-36 in order to provide handicapped accessibility to the extent readily achievable.

5.5 Use of Debarred, Suspended, or Ineligible Participants. Developer shall comply with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status.

5.6 Maintenance of Drug-Free Workplace. Developer shall certify that Developer will provide a drug-free workplace in accordance with 2 CFR 2429.

5.7 Lead-Based Paint. Authority, as a recipient of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.*, specifically §§4821-4846, and the implementing regulations thereto. In this regard, Developer shall comply with all applicable federal requirements relating to lead-based paint.

5.8 Affirmative Marketing. Developer shall adopt and implement affirmative marketing procedures and requirements at the Site in accordance with Section 92.351 of the HOME Regulations.

5.9 Nondiscrimination, Equal Opportunity and Fair Housing. Developer shall carry out the Project and perform its obligations under this Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350 and 24 CFR 5.105.

5.10 Energy Conservation Standards. As applicable to the Project, Developer shall cause the Site to meet the cost-effective energy conservation and effectiveness standards in 24 CFR 965 and 24 CFR 990.185.

5.11 Displacement and Relocation. Developer acknowledges and agrees that, pursuant to Federal Program Limitations and consistent with the other goals and objectives of that part, Authority must ensure that it has taken all reasonable steps to minimize the displacement of persons as a result of the Construction work. Furthermore, to the extent feasible, and subject to the tenant screening criteria set forth in the Management Plan, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable Housing Unit at the Site or comparable outside property upon completion of the Construction work. Developer shall cause all Relocation of tenants and occupants of the Site to be conducted in accordance with the Relocation Laws and all Federal Program Limitations. Developer further agrees to cooperate with Authority in meeting the requirements of the Federal Program Limitations and shall take all actions and measures reasonably required by Authority Director (or his duly authorized representative) in connection therewith.

5.12 Requests for Disbursements of Funds. Developer may not request disbursements of funds hereunder until the funds are needed for payment of eligible costs of the Project. The amount of each request shall be limited to the amount needed for the acquisition of the Conforming Leasehold Interest in the Site and the Construction as set forth in the Final Budget.

5.13 Eligible Costs. Developer shall only use HOME Program funds to pay costs defined as "eligible costs" under Federal Program Limitations.

5.14 Records and Reports. Developer shall maintain and from time to time submit to Authority such records, reports and information as Authority Director may reasonably require in order to permit Authority to meet the recordkeeping and reporting requirements required of them pursuant to 24 CFR 92.508. Without limiting the following, Developer shall maintain records and submit annual reports as required by this Agreement and Exhibit C hereto.

5.15 Conflict of Interest. Developer shall comply with and be bound by the conflict of interest provisions set forth at 24 CFR 570.611.

5.16 Conflicts between and among Federal Program Limitations and the HAL. If and to the extent applicable for any source of federal revenue expended to implement the Project and in the event of any conflict or inconsistency between applicable Federal Program Limitations and/or the HAL, then the more stringent requirement(s) shall control.

ARTICLE 6
COVENANTS

6.1. Affordability Period. The provisions of this Agreement shall apply to the Site, even if the HOME Loan, the City DA Fee Deferral Loan and the Additional Authority Loan are paid in full, throughout the entire Affordability Period. This Agreement shall bind any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, with or without the approval of Authority, except as expressly released by Authority. Authority has made the HOME Loan and the Additional Authority Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.2. Covenants to Run With the Land. Authority and Developer hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Site. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless Authority expressly releases such conveyed portion of the Site from the requirements of the HOME Agreement and this Agreement.

6.3. Transfers; General Prohibition of Transfer without Authority Consent. The qualifications and identity JHC-A, and JHC as the sole member of the managing general partner of the Developer entity, both as experienced and successful developers and operators/managers of affordable housing, including senior and non-senior projects, are of particular concern to Authority. It is because of these identities and the qualifications of JHC-A and JHC that Authority has entered into the HOME Agreement and this Regulatory Agreement with Developer. Accordingly, commencing upon Developer's Ground Lease of the Site and continuing through completion of the Construction of the Project on the Site, and thereafter continuing until the end of the Affordability Period, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under the HOME Agreement or this Regulatory Agreement, nor shall Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the Site, or any part thereof, or this Agreement (collectively referred to herein as a "Transfer") without the prior written approval of Authority, except as expressly set forth herein, which approval shall not be unreasonably withheld or delayed.

(a) Permitted Transfers. Notwithstanding the provisions of the HOME Agreement and this Regulatory Agreement or any other Project Document prohibiting transfer of any interest in Developer, the Site, the Project, the HOME Agreement, this Agreement or any of the other Project Documents, Authority approval of a Transfer shall not be required in connection with any of the following; provided, however, the Project must continue to be "owned", "developed", or "sponsored" by a CHDO corporation within the meaning of Section 92.300(a) of the HOME Regulations at all times during the HOME Compliance Period:

(i) The conveyance or dedication of any portion of the Site to the Authority or other appropriate governmental agency, or the granting of easements or permits to facilitate the Construction (as defined herein).

(ii) An assignment for financing purposes to secure the funds necessary for the acquisition of the Conforming Leasehold Interest in the Site and undertaking through completion of the Construction or a refinancing thereof, so long as such construction and/or permanent loan documents have been duly reviewed and reasonably approved by Authority, and (ii) either (1) Authority has approved such financing or refinancing pursuant to this Agreement, or (2) such refinancing constitutes a Permitted Refinancing and occurs during the Permitted Refinancing Period.

(iii) Subleasing of individual Housing Units to qualified tenants in accordance with Section 1200, *et seq.* of the HOME Agreement and this Agreement.

(iv) The transfer of or all or any part of the Site or the Project, or assignment of any Project Document to Jamboree Housing Corporation ("JHC"), an entity controlled by JHC, a nonprofit corporation in which a majority of the board of directors are members of the board of directors of JHC (collectively "Jamboree Affiliate Entity"), or an entity or entities in which a Jamboree Affiliate Entity is a general partner or managing member; provided that upon such transfer the Project shall continue to be owned, developed or sponsored by a CHDO at all times during the HOME Compliance Period.

(v) The substitution of the general partner of Developer ("General Partner") as directed by the Tax Credit Investor in accordance with the terms of the Partnership Agreement, subject to the following terms and conditions. Such Tax Credit Investor may substitute an affiliate ("Interim General Partner") on an interim basis for a period reasonably calculated to identify and admit into the partnership a new general partner as set forth below ("Substitute General Partner"). The Interim General Partner is hereby approved by the Authority. The Substitute General Partner must be an entity reasonably acceptable to the Authority Director, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, upon such transfer the Project shall continue to be owned, developed or sponsored by a CHDO at all times during the HOME Compliance Period.

(vi) The pledge by the General Partner of Developer to the Tax Credit Investor of the General Partner's interest in Developer, as security for the performance of all of the General Partner's obligations under the Partnership Agreement.

(vii) The pledge by the General Partner of Developer to Lender of the General Partner's interest in Developer, as security for the performance of all of Developer's obligations under the Primary Loan (or any approved refinancing thereof).

(viii) The pledge by the Tax Credit Investor to Developer as security for the Tax Credit Investor's obligation to make its capital contributions pursuant to the Partnership Agreement.

(ix) The pledge by the Tax Credit Investor to Lender of the Tax Credit Investor's interest in Developer, as security for the performance of all of the Developer's obligations under the Primary Loan (or any approved refinancing thereof).

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(x) The sale, transfer or pledge of any limited partnership interest or non-managing member's interest in Developer or of any partnership or membership interest in the Limited Partner.

(xi) The sale, transfer, or conveyance of the General Partner's interest in Developer to a Jamboree Affiliate Entity.

In the event of a Transfer by Developer not requiring Authority's prior approval, Developer nevertheless agrees that at least fifteen (15) days prior to such Transfer it shall give written notice to Authority of such assignment and satisfactory evidence that the assignee will assume all of the obligations of this Regulatory Agreement and the HOME Agreement in writing through an assignment and assumption agreement in a form reasonably acceptable to Authority. The form of each assignment and assumption agreement shall be submitted to Authority for review and approval by Authority's legal counsel not later than fifteen (15) days prior to the proposed date of the Transfer.

(b) Authority Consideration of Requested Transfer. Authority agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 6.3, *et seq.*, provided Developer delivers written notice to Authority requesting such approval and includes the proposed assignment and assumption contract and, if required by Authority, all necessary and relevant background and experience information related to the proposed transferee.

An assignment and assumption agreement in form satisfactory to Authority's legal counsel shall be required for each proposed Transfer. Within fifteen (15) days after the receipt of Developer's written notice requesting Authority approval of a Transfer pursuant to this Section 6.3, *et seq.*, Authority shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, Authority reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to Authority such further information as may be reasonably requested. Upon the effective date of the approved or permitted Transfer, if an assignment and assumption agreement acceptable to Authority has been executed and delivered to Authority, the assignor Developer shall be released by Authority from any and all obligations assumed by the approved or permitted assignee.

(c) Payment of Authority Third Party Costs re Proposed Transfer. Any and all Third Party Costs incurred by Authority in connection with consideration and approval (or disapproval) of a proposed transferee for any Transfer shall be paid by Developer, and payment thereof shall be and remain a condition precedent to Authority's obligation to approve and execute any Transfer document, including without limitation any assignment and assumption agreement.

ARTICLE 7

RIGHT OF FIRST OFFER

7.1. Right of First Offer. Developer, on behalf of itself and all its successors in interest (referred to herein collectively, as "Developer"), hereby irrevocably grants to Authority a right of first offer ("ROFO" or "Right of First Offer") to acquire the Conforming Lease for the Site and the

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Project located thereon (all land, Improvements and intangibles, all of which are collectively referred to in this Section 7.1, *et seq.*, as the "Site") from Developer pursuant to the terms and conditions set forth below in this Section 7.1, *et seq.*, and the Regulatory Agreement. Except as provided below in this Section 7.1, Developer shall not, during the ROFO Period (defined below), enter into any Sale (defined below) without first complying with Authority's ROFO.

(a) Notice; Revised Notice.

(i) In the event Developer desires to enter into any Sale (as herein below defined), Developer shall so notify Authority in writing ("Notice"), including a copy of the following terms and conditions of the proposed Sale: (i) the purchase price, (ii) the maximum length of time for the due diligence period, (iii) the minimum deposit, and (iv) the maximum escrow period. Authority shall have a period of thirty (30) days from delivery of the Notice within which to advise Developer, in writing, of Authority's potential interest in acquiring the Conforming Lease of the Site (and the Project) on the terms and conditions specified in the Notice. If Authority rejects the acquisition of the Site (including a Conforming Leasehold Interest in the Site) on the terms and conditions specified in the Notice, or fails to respond, in writing, to the Notice within thirty (30) days, then Developer shall be entitled to proceed with a Sale, subject to the terms of subdivision (iii) of this Section 7.1(a).

(ii) If Authority advises Developer, in writing, that Authority is potentially interested in acquiring the Conforming Lease of the Site (and the Project) on the terms and conditions specified in the Notice, then Authority shall have an additional period of thirty (30) days from the expiration of the 30-day period referenced above within which to negotiate and execute a letter of intent to purchase the Site consistent with the Notice ("Letter of Intent"). The parties intend that the Letter of Intent will include sufficient terms and conditions to enable the Authority Director to enter into a PSA as described in Section 7.1 below. If the parties are unable to reach agreement on a Letter of Intent within such additional 30-day period provided in this subdivision (ii), Developer shall be entitled to proceed with a Sale based on the terms set forth in the Notice, subject to the terms of subdivision (iii) of this Section 7.1(a).

(iii) If (a) Developer has not closed escrow for the Sale within twelve (12) months from the date of the earliest to occur of (i) Authority's rejection of the acquisition of the Site (including the Conforming Leasehold Interest in the Site) or (ii) thirty (30) days following the Notice if Authority fails to respond to the Notice or (iii) sixty (60) days following the Notice if Authority responds to the Notice stating Authority's potential interest in acquiring the Conforming Lease of the Site (and the Project) but the parties fail to execute a Letter of Intent within such time period, or (b) Developer wishes to enter into a Sale for a price less than ninety-five percent (95%) of the sales price specified in the Notice, or on terms and conditions materially more favorable to a buyer than those specified in such Notice, Developer shall be required to notify Authority in writing, specifying such modified terms ("Revised Notice") and Authority shall have the opportunity to respond to the Revised Notice in accordance with the process outlined above in this Section 7.1(a).

(iv) At any time after Authority has rejected acquisition of the Site (including the Conforming Leasehold Interest in the Site) or failed to timely respond, in writing, to a Notice or Revised Notice, Authority will confirm its rejection of the terms of the Notice or Revised Notice, as applicable, in writing to the Developer upon request by the Developer; provided, Authority's written confirmation to Developer pursuant to this Sentence shall not waive Authority's right to respond to a Revised Notice as provided above.

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(b) **Escrow and Completion of Sale.** If Authority has timely elected to exercise the ROFO pursuant to the process set forth in Section 7.1(a), the Parties shall endeavor to negotiate the terms of a purchase and sale agreement (a "PSA") on the terms and conditions specified in the Notice or Revised Notice (as applicable). Upon execution of the PSA, the Parties shall promptly open an escrow with the Escrow Holder and shall provide the Escrow Holder with a copy of the PSA, and the Parties shall endeavor to close the escrow in accordance with the terms of the PSA. The PSA shall require, in addition to other customary provisions including, without limitation, the provisions set forth below in this Section 7.1(b), that Authority deliver funds into the escrow sufficient for payment of the purchase price (including the HOME Loan Note, if cancellation of the HOME Loan Note is required; the Additional Authority Loan Note, if cancellation of the Additional Authority Loan Note is required; and the City DA Fee Deferral Loan Note, if cancellation of the City DA Fee Deferral Loan Note is required) not later than one (1) business day prior to the anticipated close of escrow date. The obligation of Authority to close escrow shall be subject to Authority's reasonable approval during the due diligence period set forth in the PSA of a then-current preliminary title report and, at the option of Authority, inspections, studies, tests and investigations of the physical and environmental condition of the Site and other site testing. The PSA shall provide for distribution of closing, escrow and title costs equally between the Authority and Developer, unless otherwise specifically stated in the Notice or Revised Notice. If the Parties are unable to reasonably agree to the terms of a PSA within sixty (60) days following the date the Letter of Intent is executed by the Authority and the Developer, then Developer shall be entitled to proceed with a Sale, subject to the terms of subdivision (iii) of Section 7.1(a).

(c) **Termination of Authority's Right of First Offer.** Notwithstanding the foregoing or anything in this Agreement to the contrary, unless terminated earlier in accordance with the terms of this Section 7.1, Authority's Right of First Offer shall terminate and be of no further force or effect on the earliest of (a) the date the HOME Agreement is terminated by either Authority or Developer, (b) the conclusion of a Sale, or (c) the expiration or earlier termination of this Agreement. Upon the termination of Authority's Right of First Offer, as set forth in this Section 7.1(c), Authority shall execute a termination or quitclaim document reasonably requested by Developer and/or a reputable title company to remove Authority's Right of First Offer as a cloud on title as to the Site.

(d) **Definitions.**

(i) For purposes of this Agreement, "Sale" shall mean each of the following, unless excluded below: (a) any sale or transfer of legal title to the fee simple interest in all or any portion of the Site; or (b) any sale or transfer of direct or indirect ownership interests in Developer that, taken alone or together with prior transfers of direct or indirect ownership interests in Developer, effects a change in Control (as defined below) of Developer, or (c) marketing or offering the Site for Sale. "Sale" excludes any Transfer permitted pursuant to Section 6.3 above.

(ii) As used herein, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract or otherwise.

(iii) As used herein, the "ROFO Period" shall mean the period of time beginning upon the expiration of the fifteen (15) year Tax Credit compliance period and ending on

the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants is recorded for the Project.

(e) **Purchase Price Offset.** Notwithstanding anything to the contrary set forth in this Agreement, the purchase price to be paid by Authority for the Site pursuant to the ROFO shall be offset by all amounts, if any, that remain outstanding under each of the Additional Authority Loan Note, HOME Loan Note, and the City DA Fee Deferral Loan Note.

(f) **Assignment of Right of First Offer.** Authority may assign the ROFO to City without obtaining Developer's approval or consent to such assignment. No other assignment of the ROFO shall be permitted without Developer's prior written approval or consent.

(g) **Sale subject to CHDO Requirements.** Notwithstanding anything to the contrary set forth in this Section 7.1, any Sale of the Site (other than a sale/ground lease to the Authority) shall be conditioned on the requirement that the Project shall continue to be owned, developed or sponsored by a CHDO at all times during the HOME Compliance Period.

ARTICLE 8

ENFORCEMENT AND REMEDIES

8.1. **Remedies.** In the event of default or breach of any of the terms or conditions of this Agreement by Developer, its heirs, executors, administrators or assigns, Authority may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California, including, but not limited to, injunctive relief and/or specific performance. The provisions of Section 1500, *et seq.*, of the HOME Agreement are hereby incorporated herein by this reference as if set forth in full.

8.2. **Rights of City.** City has the right (but no obligation) to enforce all of the provisions of this Agreement. This Agreement does not in any way infringe on the right or duties of City to enforce any of the provisions of the Municipal Code including, but not limited to, the abatement of dangerous buildings. In addition to the general rights of enforcement, City shall have the right, through City's agents and employees, to enter upon any part of the Site upon 48 hours' notice and during normal business hours for the purpose of enforcing the California Vehicle Code and the ordinances and other regulations of City, and for maintenance and/or repair of any or all publicly owned utilities.

8.3. **Nuisance.** The result of every act or omission whereby there is a material violation by Developer of any of the covenants contained in the HOME Agreement and this Agreement in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by City or Authority or its successors in interest, without derogation of City's rights under law. Developer does not by this Section 8.3 waive any procedural rights under applicable law (including, without limitation, the rights to notice, cure, and appeal, if any).

8.4. **No Third Parties Benefited.** Except as provided herein as to the City and Authority, this Agreement is made for the purpose of setting forth rights and obligations of Developer and Authority, and no other person shall have any rights hereunder or by reason hereof.

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8.5. Right of Entry for Maintenance and Repair. Authority has the right of entry during normal business hours and upon and after reasonable attempts to contact Developer or Property Manager, to effect emergency repairs or maintenance which Developer has failed to perform. Subsequent to forty-five (45) days written notice to Developer (or Property Manager) specifically outlining the noncompliance, Authority shall have the right of entry during normal business hours to enforce compliance with the HOME Agreement and this Agreement which Developer or Property Manager has failed to perform.

8.6. Costs of Repair. The costs borne by Authority of any such repairs or maintenance emergency and/or non-emergency pursuant to Section 8.5 above, shall become a charge for which Developer shall be responsible; and may, if unpaid, be assessed as a lien against the Site.

8.7. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in the HOME Agreement and this Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

ARTICLE 9

HOLD HARMLESS, INDEMNITY AND INSURANCE; OBLIGATION TO REPAIR AND REBUILD

9.1. Hold Harmless and Indemnity. Developer shall, at Developer's expense, defend, indemnify, assume all responsibility for, and save and hold Authority, the City, the Successor Agency, and their past and present elected officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers ("Indemnitees") harmless from any and all losses, damages, liabilities, claims, causes of action, judgments, settlements, court costs, demands, defense costs, reasonable attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses which they may suffer or incur and any liability of any kind or nature arising from or relating to the subject matter of this Agreement or the validity, applicability, interpretation or implementation hereof and for any damages to property or injuries to persons directly or indirectly related to or in connection with the Construction, operation, management, or ownership of the Site, including accidental death (including reasonable attorneys' fees and costs), whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall not be obligated to indemnify the Indemnitees for property damage or bodily injury to the extent occasioned by the negligence or willful misconduct of any of the Indemnitees or the breach of any of the Project Documents by any of them. Developer shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects the Indemnitees from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to reasonable written approval by Authority) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer or any other Indemnitees. If Developer defends any such action, as set forth above, (i) to the extent of Developer's indemnification obligations as set forth herein, Developer shall indemnify and hold harmless Indemnitees from and against any claims, losses,

ATTACHMENT NO. 11 REGULATORY AGREEMENT

liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation and (ii) Authority shall be entitled to settle any such claim only with the written consent of Developer and any settlement without Developer's consent shall release Developer's obligations under this Section 9.1 with respect to such settled claim. The foregoing agreements by Developer shall remain in effect for the Affordability Period. At the request of Developer, Authority shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that Authority shall not be obligated to incur any expense in connection with such cooperation or assistance.

9.2 Insurance Requirements. Developer shall obtain and maintain at its sole cost and expense until end of the Affordability (except as expressly provided below to contrary effect), the insurance coverages described in this Section 9.2, with the coverage limits, conditions, and endorsements defined herein. All contractors and subcontractors shall be required to provide the same insurance as required of Developer herein. Developer shall be responsible to collect and maintain all insurance from all contractors and subcontractors.

9.2.1 Insurance Coverage. Prior to the earlier to occur of the (i) Developer's exercise of a right of entry onto the Site or (ii) the Closing, the following policies shall be obtained and maintained by Developer covering all activities relating to construction of Developer's Project at the Site. All policies shall include an endorsement giving City 30 days advance written notice of cancellation, termination, or material change of each policy. Insurers shall waive subrogation against each of the City, the Authority, and their respective officers, officials, agents, employees, representatives and volunteers for each policy.

(a) Comprehensive general liability insurance, including mobile equipment and not excluding XCU, in an amount not less Ten Million Dollars (\$10,000,000) per occurrence and Ten Million Dollars (\$10,000,000) general aggregate for claims arising out of bodily injury, personal injury and property damage. Coverage will include contractual, owners, contractors' protective policy, ongoing operations, and products and completed operations (Claims made and modified occurrence policies are not acceptable.)

(b) Comprehensive automobile liability insurance, in an amount not less than One Million Dollars (\$1,000,000), combined single limit (bodily injury and property damage liability), including coverage for liability arising out of the use of owned, non-owned, leased, hired, or borrowed automobiles for performance of the work. As used herein the term "automobile" shall mean any vehicle licensed or required to be licensed under the State of California or any other applicable state vehicle code. Such insurance shall apply to all operations of Developer or its contractors and subcontractors both on and away from the Site. In the event that any drivers are excluded from coverage, such drivers will not be permitted to drive in connection with construction of the Project. (Claims made and modified occurrence policies are not acceptable.)

(c) Workers' compensation insurance. Until issuance of a Release of Construction Covenants (and thereafter during any time that construction is performed at the Site or adjacent thereto as part of the Project), Developer and its General Contractor and subcontractors (and all other contractors and subcontractors after completion of Construction of the Project) shall maintain Workers Compensation Insurance in the amount and type required by California law, and to the extent required pursuant to California law. The insurer shall waive its rights of subrogation

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against each of the City, the Authority, and their respective officers, officials, agents, employees, representatives and volunteers.

(d) A policy of Builder's All-Risk property insurance in an amount of not less than one hundred percent (100%) of the full replacement value of the Project. (Claims made and modified occurrence policies are not acceptable.)

(e) Follows Form Excess liability coverage shall be provided for any underlying policy that does not meet the insurance requirements set forth herein. (Claims made and modified occurrence policies are not acceptable.)

(f) For any claims related to this agreement, Developer's insurance coverage shall be primary insurance as respects each of the City, the Authority, and their respective officers, officials, agents, employees, representatives, and volunteers and shall not contribute with any insurance, or self-insurance, maintained by the parties.

All insurance coverage shall be placed with carriers admitted to write insurance in California, and with an A.M. Best's Guide Rating of A-, class VII or better. Any deductibles or self-insured retentions in excess of \$250,000 must be declared to and approved by City.

9.2.2 Policy Provisions. A certificate or certificates evidencing coverage described in subsections (a) through (f) of Section 9.2.1, above ("Insurance") shall be submitted to City prior to issuance of building permits for and commencement of the construction of the Improvements. The certificates shall be accompanied by appropriate policy endorsements stating that:

Developer's insurance coverage shall be primary insurance as respects each of the City, the Authority, and their respective officers, officials, agents, employees, representatives, and volunteers, and shall not contribute with any insurance or self-insurance maintained by one or more of the City, the Authority, and their respective officers, officials, agents, employees, representatives, and volunteers.

Not less than thirty (30) days advance notice shall be given in writing, for each policy, to City prior to any material change, cancellation, termination, non-renewal, or reduction in coverage of the Insurance;

With the exception of the workers compensation policy, each of the City, the Authority and their respective officers, officials, agents employees, representatives, and volunteers, shall be named as additional insureds on all policies, including the excess liability policy. Developer shall provide:

(a) An Additional Insured Endorsement, ongoing and completed operations, including mobile equipment and not excluding XCU, for the policy under Section 9.2.1(a), Commercial General Liability, shall designate each of the City, the Authority, and their respective officers, officials, agents employees, representatives, and volunteers, as additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. Developer shall provide to each of Authority and City proof of insurance and endorsement forms that conform to City's and Authority's requirements, as approved by City.

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(b) An Additional Insured Endorsement for the policy under Section 9.2.1(b), Automobile Liability, shall designate each of the City, the Authority, and their respective officers, officials, agents, employees, representatives, and volunteers, as additional insureds for automobiles owned, leased, hired, or borrowed by the Developer. Developer shall provide to each of Authority and City proof of insurance and endorsement forms that conform to City's and Authority's requirements, as approved by City.

(c) A Loss Payee Endorsement for the policy under Section 9.2.1(d), Builder's All Risk, shall designate the City of Garden Grove as Loss Payee. Developer shall provide to each of Authority and City proof of insurance and endorsement forms that conform to City's and Authority's requirements, as approved by the City.

If any of the underlying policies do not meet policy limits required, an Additional Insured Endorsement for the policy under Section 9.2.1(e), Follows Form Excess Liability, shall designate each of the Authority, the City, and their respective officers, Officials, agents, employees, representatives, and volunteers as additional insureds under the follows form excess liability policy. Developer shall also provide to each of Authority and City a certificate of insurance stating the excess liability policy follows form and the schedule of underlying policies for the excess liability policy, with policy numbers. All documents must conform to City's and Authority's requirements, as approved by the City.

Upon request by City, Developer shall provide City with complete certified copies of insurance policies evidencing coverage as required herein. Certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. If required by City, Developer shall, from time to time, increase the limits of its general and automobile liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

If Developer maintains higher insurance limits than the minimums shown above, Developer shall provide coverage for the higher insurance limits otherwise maintained by the Developer.

9.3 Reduction in Requirements. Authority's Risk Manager is hereby authorized to reduce the requirements set forth herein, on a temporary or permanent basis, in the event he determines, in his sole discretion, that such reduction is in Authority's best interest.

9.4 Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to the provisions below and to the rights of the Primary Lender or any replacement, permitted primary lender, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project improvements to substantially the same condition as the Project improvements existed immediately prior to the casualty, if and to the extent the insurance proceeds are available and sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Project Improvements can be occupied in accordance with this Agreement. Subject to force majeure delays as set forth in Section 1505 of the HOME Agreement, in no event shall the repair, replacement, or restoration period exceed two (2) years from the date Developer obtains insurance

proceeds unless Authority Director, in his reasonable discretion, approves a longer period of time. Authority shall cooperate with Developer, at no expense to Authority, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Project Improvements by giving notice to Authority (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the applicable portion of the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the Authority, in its reasonable discretion, and the other governmental agency or agencies with jurisdiction.

9.5 Damage or Destruction Due to Cause Not Required to be Covered by Insurance.

If the Project Improvements are completely destroyed or substantially damaged by a casualty for which Developer is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild, and subject to the rights of the Primary Lender, any replacement, permitted primary lender, then Developer shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing Authority with written notice of election not to repair, replace, or restore within ninety (90) days after such substantial damage or destruction. In such event, Developer shall concurrently repay the full outstanding balance of the HOME Loan to Authority and this Agreement shall be automatically terminated. As used in this Section 9.5, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten percent (10%) or more of the replacement cost of the improvements comprising the Project Improvements. In the event Developer does not timely elect to repair, replace, or restore the Project Improvements as set forth in the first sentence of this Section 9.5, Developer shall be conclusively deemed to have waived its right to repair, replace, or restore the Project Improvements.

9.6 Non Liability of Authority. Developer acknowledges and agrees that:

(a) The relationship between Developer and Authority is and shall remain solely that of borrower and lender, and by this Agreement or any of the other Project Documents, Authority neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform Developer of any matter in connection with the Project, including matters relating to: (i) the Scope of Development, (ii) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (iii) the progress of the Construction of the Project and its conformity with the Scope of Development; and Developer shall rely entirely on its own judgment with respect to such matters and acknowledges that any review, inspection, supervision, approval or information supplied to Developer by Authority in connection with such matters is solely for the protection of Authority and that neither Developer nor any third party is entitled to rely on it;

(b) Notwithstanding any other provision of any Project Document: (a) Authority is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Developer and Authority does not intend to ever assume any such status; (b) Authority's activities in connection with the Site shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code Section 3434, as modified or recodified from time to time, and Authority does not intend to ever assume any responsibility to any

person for the quality or safety of the Site; and (c) Authority shall not be deemed responsible for or a participant in any acts, omissions or decisions of Developer;

(c) Authority shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Site, whether arising from: (a) any defect in any building, grading, landscaping or other on-site or off-site improvement; (b) any act or omission of Developer or any of Developer's agents, employees, independent contractors, licensees, invitees or volunteers; or (c) any accident on the Site or any fire or other casualty or hazard thereon; and

(d) By accepting or approving anything required to be performed or given to Authority under the Project Documents, including any certificate, financial statement, survey, appraisal or insurance policy, Authority shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by Authority to anyone.

Nothing in this Article 9 shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered under the HOME Agreement or this Agreement.

9.7 Reimbursement of Authority for Enforcement of Project Documents. Developer shall reimburse Authority within thirty (30) days upon written demand itemizing all costs reasonably incurred by Authority (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Authority), but not including in-house staff time) in connection with the enforcement of the Project Documents including the following: (a) Authority's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which Authority is indemnified under the Project Documents and defense of any action if Authority has tendered the defense of such action to Developer and Developer fails to defend any such action. Such reimbursement obligations shall bear interest from the date occurring 10 days after Authority gives written demand to Developer at the same rate as is provided in the HOME Loan Note (or if different interest rates are specified therein, the highest non-default interest rate), and shall be secured by the Additional Authority Loan Deed of Trust and the HOME Loan Deed of Trust. Such reimbursement obligations shall survive the cancellation of the Additional Authority Loan Note and the HOME Loan Note, release and reconveyance of the Additional Authority Loan Deed of Trust and the HOME Loan Deed of Trust, issuance of the Release of Construction Covenants, and termination of this Agreement.

ARTICLE 10

ASSIGNMENT OF AGREEMENT

This Agreement shall be binding upon Developer, its executors, administrators and assigns and all persons claiming under or through Developer. Wherever this Agreement employs the term "Developer," it shall be deemed to include Developer, its executors, administrators and assigns and all persons claiming under or through Developer. Except for Permitted Transfers, Developer shall not voluntarily assign any of its rights or obligations under this Agreement without the prior written

ATTACHMENT NO. 11 REGULATORY AGREEMENT

consent of Authority, which consent shall not be unreasonably withheld or delayed, and any purported assignment made without said consent shall be null and void for all purposes.

ARTICLE 11

RECORDATION

Developer agrees that this Agreement and any amendment or cancellation hereof shall be recorded in the Official Records of Orange County by Developer within ten (10) days after the Effective Date of this Agreement and within ten (10) days after any amendment or cancellation hereof. Developer agrees to provide Authority with two copies of the recorded Agreement (or any amendment) within five (5) days of the recording date.

ARTICLE 12

NOTICE

Written notice, demands and communications between Authority and Developer shall be deemed sufficient if dispatched by personal delivery, overnight delivery by a reputable courier service, registered or certified mail, postage prepaid, return receipt requested to the principal offices of Authority and Developer, the addresses of which are hereinafter set forth. Such written notices, demands and communications may be sent in the manner prescribed to each other's addresses as either party may, from time to time, designate by mail, or the same may be delivered in person to representatives of either party upon such premises. Said addresses are as follows:

If to Developer:	Garden Grove Housing Partners LP 17701 Cowan Avenue, Suite 200 Irvine, CA 92614 Attn: Laura Archuleta
with copy to:	Rutan & Tucker, LLP 611 Anton Boulevard, Suite 1400 Costa Mesa, CA 92626 Attn: Patrick D. McCalla, Esq.
and to Tax Credit Investor:	Boston Financial Investment Management, L.P. 101 Arch Street Boston, MA 02110
If to Authority:	Garden Grove Housing Authority 11222 Acacia Parkway Garden Grove, California 92840 Attention: Secretary Fax No.: (714) 741-5044

with copies to:

Garden Grove Housing Authority
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Authority Director
Fax No.: (714) 741-5044

Garden Grove Housing Authority
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Attorney/Authority Counsel
Fax No.: (714) 751-5044

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Celeste Stahl Brady
Fax No.: (949) 823-5141

Notices herein shall be deemed given as of the date of personal service or three (3) consecutive calendar days after deposit of the same in the custody of the United States Postal Service.

ARTICLE 13

MISCELLANEOUS

13.1 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party or the failure by the party to exercise its rights under or upon a default by the other party herein shall not constitute a waiver of such party's right to demand strict compliance from such other party in the future.

13.2 Subordination of the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, and Security Agreement, City DA Fee Deferral Loan Deed of Trust and this Regulatory Agreement for Permitted Refinancings during the Permitted Refinancing Period. Prior to the Closing and in connection with Developer obtaining its construction and initial permanent financing (i.e., the first Primary Loan) for the Project, Developer, City, Authority and the first Primary Lender (U.S. Bank) reached agreement on the terms and conditions of a subordination agreement related to such initial Primary Loan and Permitted Refinancings thereof during the Permitted Refinancing Period. In this regard, the Authority Director has determined that an economically feasible method of financing for the construction and operation of the Project without the subordination of this Regulatory Agreement, the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, City DA Fee Deferral Loan Deed of Trust, Security Agreement, and Right of First Offer as set forth in this Agreement and the HOME Agreement is not reasonably available in the market, so such subordination agreement with U.S. Bank allows and causes this Regulatory Agreement, Additional Authority Deed of Trust, City DA Fee Deferral Loan Deed of Trust, the HOME Loan Deed of Trust, the Security Agreement, and the Right of First Offer set forth in this Regulatory Agreement and the HOME Agreement to be junior and subordinate to the deeds of trust and other documents required by U.S. Bank in connection with the initial Primary Loan and

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Permitted Refinancings. The term of this first subordination agreement is up to the 30-year Permitted Refinancing Period (defined in the HOME Agreement).

(a) **Third Party Costs.** Pursuant to Section 1626 of the HOME Agreement, if and to the extent any reaffirmation, new or amended subordination, any estoppel certificates, or similar documents are requested and/or necessary in connection with financings, refinancing or other matters related to a Primary Loan during the Affordability Period, Developer expressly acknowledges and agrees that any and all Third Party Costs incurred or to be incurred by Authority, including for example attorney fees or other consultant's costs, are and shall be the sole financial responsibility of Developer (or its Lender or other third party, but in no event Authority). Authority shall have no obligation to commence work on such additional work relating to subordination or reaffirmation of subordination without a deposit of the estimated Third Party Costs which Authority may draw upon to pay such Third Party Costs.

(b) **Effect of Subordination.** Pursuant to the applicable subordination agreement (as described in Section 13.2 and 13.3 herein), any party and its successors and assigns, receiving title to the Site through a trustee's sale, judicial foreclosure sale, or deed in lieu of foreclosure of such senior deed of trust or mortgage, including a deed of trust or mortgage which is given in connection with such refinancing, and any conveyance or transfer thereafter, shall receive the ground leasehold interest free and clear of the affordable housing covenants as may be set forth in this Regulatory Agreement, the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, City DA Fee Deferral Loan Deed of Trust, the Security Agreement, the Right of First Offer herein and in the HOME Agreement.

13.3. Subordination of Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, the City DA Fee Deferral Loan Deed of Trust, the Security Agreement, Affordable Housing Covenants and Right of First Offer. Subject to the terms above in Section 13.2, et seq., Authority shall agree to subordinate this Regulatory Agreement, the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, the Security Agreement, and the Right of First Offer in this Regulatory Agreement and the Agreement, to the deed of trust under the Primary Loan (and any approved refinancing thereof) and enter into appropriate agreement(s) in connection therewith; provided, Authority shall not be required by the terms of any such subordination agreement(s) to pre-authorize the subordination of this Regulatory Agreement, the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, the Security Agreement, and the Right of First Offer (as applicable) to refinancing(s) of the Primary Loan except for a Permitted Refinancing that occurs within the Permitted Refinancing Period. After the Permitted Refinancing Period, the Authority Director shall have the right to approve each refinancing of the Primary Loan, which approval shall not be unreasonably withheld. In connection with the review of a proposed refinancing of the Primary Loan, the Authority Director shall take into account the following factors: (a) increases in the principal amount of or interest rate accruing on the Primary Loan; (b) impacts on the payment of Residual Receipts payments under the Additional Authority Loan Note and Additional Authority Loan Deed of Trust and the HOME Loan Note and HOME Loan Deed of Trust and the City DA Fee Deferral Loan Note and deed of trust; (c) impacts on the financial viability of the Project, including likelihood of a default by the Developer under the proposed refinancing loan documents; and (d) whether the terms of the proposed refinancing are consistent with then-current market terms for similar financings.

(a) **Notice to Authority re New Financing or Refinancing.** In connection with implementation of Sections 13.2 and 13.3 and notwithstanding anything to the contrary in the Transaction Documents, Developer hereby agrees to provide not fewer than thirty (30) days' notice to Authority of any proposed refinancing of the Primary Loan, or any new financing, and such notice(s) shall include and the 30-day period shall commence when all relevant documentation in a complete and legible format is presented to Authority, all in order to conduct its reasonable review and provide its approval, disapproval, or consent to a financing or refinancing.

13.4 Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

13.5 Caption and Pronouns. The captions and headings of the various Articles and Sections of this Agreement are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and masculine, feminine and neuter shall be freely interchangeable.

13.6 Attorneys' Fees. In any action to interpret or enforce any provision of this Agreement, the prevailing party shall be entitled to its costs and reasonable attorneys' fees and expert witness fees.

13.7 Modification of Agreement. This Regulatory Agreement may be modified or amended by mutual consent of the parties, provided that all amendments are in writing.

13.8 Sole and Only Agreement. This Regulatory Agreement, the Agreement, with all attachments/exhibits, and all other Project Documents contain the sole and entire agreement and understanding of the parties with respect to the subject matter hereof. No representations, oral or otherwise, express or implied, other than those contained herein, have been made by the parties. In the event of a conflict between the provisions of this Regulatory Agreement and the HOME Agreement, this Regulatory Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement with Right of First Offer to be executed as of the day and year first above written.

Developer:

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

[Signatures continue on following page.]

[Signatures continue from previous page.]

AUTHORITY:

GARDEN GROVE HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Authority Director

ATTEST:

KATHLEEN BAILOR,
AUTHORITY SECRETARY

Authority Secretary

APPROVED AS TO FORM:

WOODRUFF, SPRADLIN & SMART,
CITY ATTORNEY

Thomas Nixon

STRADLING YOCCA CARLSON & RAUTH

Housing Authority Special Counsel

EXHIBIT "A" TO ATTACHMENT NO. 11

LEGAL DESCRIPTION

PARCEL A:

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-487987, OFFICIAL RECORDS.

PARCEL B:

THOSE PORTIONS OF STANFORD AVENUE AND MAIN STREET, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, ADJOINING PARCEL 2 ON THE NORTH AND EAST, AS SHOWN ON A PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THAT CERTAIN COURSE IN THE BOUNDARY OF SAID PARCEL 2 SHOWN AS "NORTH 0° 53' 09" 233.25 FEET" ON SAID PARCEL MAP AND BOUNDED SOUTHERLY BY THE EASTERLY PROLONGATION OF THAT CERTAIN COURSE SHOWN AS "NORTH 89° 23' 30" EAST 281.00 FEET" ON SAID PARCEL MAP.

PARCEL C:

THE WEST 110 FEET OF THE EAST 210 FEET OF THE NORTH 2 ACRES OF THE WEST HALF (W $\frac{1}{2}$) OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$) OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SECTION THIRTY-TWO (32), IN TOWNSHIP FOUR (4) SOUTH, RANGE TEN (10) WEST, SAN BERNARDINO BASE AND MERIDIAN.

APN(s): 089-202-28 and 089-202-54

EXHIBIT "B" TO ATTACHMENT NO. 11

**UNIT MIX AND AFFORDABLE RENT CALCULATION OVERLAP TABLES
(Garden Grove United Methodist Church Apartments Project)**

**[to be prepared by KMA and attached by City/Authority
and Developer as a Condition Precedent to Closing]**

**EXHIBIT B TO ATTACHMENT NO. 11
UNIT MIX AND AFFORDABLE RENT CALCULATION CHART**

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EXHIBIT "C" TO ATTACHMENT NO. 11

HOME DOCUMENTATION, RECORDKEEPING, REPORTING AND MONITORING REQUIREMENTS

Developer shall comply with the requirements set forth in this Exhibit C at all times during the term of that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) ("HOME Agreement") and that certain Regulatory Agreement with Right of First Offer to which this Exhibit is attached ("Regulatory Agreement"; and, together with the HOME Agreement, the "Agreement") between City and Developer, to which this Attachment is attached.

1. Documentation and Recordkeeping.

(a) **Records to be maintained.** Developer shall maintain all records required by the federal regulations specified in 24 CFR 92.508(a)(3), which are pertinent to the Construction and operation of the Project funded under this Agreement. Records shall be maintained for each tenant household, each Housing Unit, and each expenditure of HOME Funds for the acquisition of the Conforming Leasehold Interest in the Site and Construction of the Project pursuant to the Agreement. Such records shall include but are not limited to:

(i) Records providing a full description of each activity undertaken for which HOME Funds were applied;

(ii) Records required to determine the eligibility of activities for use of HOME Funds;

(iii) Records (including property inspection reports) demonstrating that each Housing Unit meets the property standards of 24 CFR 92.251(d) and 24 CFR 982.401 upon occupancy and at the time of each annual inspection and was constructed and is maintained in accordance with the Agreement.

(iv) Records demonstrating compliance with the property standards and financial reviews and actions pursuant to 24 CFR §92.504(d).

(v) Records demonstrating the eligibility of each tenant household, including documentation showing income eligibility in accordance with 24 CFR 92.203 (for the HOME Units) and Section 1204 of the Agreement, verification that such household satisfied the priorities set forth in Section 1202.1 of the Agreement. Retained documentation shall include all source documentation collected by the Developer or the Property Manager, written eligibility determinations and documentation regarding any appeals of eligibility determinations.

(vi) Records indicating the designation of each Housing Unit as a HOME Unit;

(vii) With respect to the HOME Units, records demonstrating that Developer is in compliance with the City's written tenant selection policies and criteria of 24 CFR

EXHIBIT C TO ATTACHMENT NO. 11 HOME DOCUMENTATION, RECORDKEEPING, REPORTING AND MONITORING REQUIREMENTS

92.209(c), including any targeting requirements, the rent reasonableness requirements of 24 CFR 92.209(f), the maximum subsidy provisions of 24 CFR 92.209(h), and calculation of each Subsidy Payment.

(viii) Records demonstrating that each rental agreement or lease for tenant household occupying a Housing Unit complies with the tenant and participant protections of 24 CFR 92.253 (for the HOME Units) and the Agreement (for all Housing Units).

(ix) Records documenting compliance with Developer's marketing and outreach obligations under the Agreement, including compliance with the fair housing and equal opportunity components of the HOME program, HUD's Affirmative Fair Housing and Marketing regulations and the City's Affirmative Fair Housing Marketing Plan, when adopted.

(x) Records documenting compliance with the lead-based hazards requirements under the Agreement, the HOME Program, and 24 CFR Part 35, subparts A, B, J, K, M and R.

(xi) Financial records as required by 24 CFR §92.508(a)(5) and 24 CFR §84.21-28.

(xii) Records documenting the expenditures at the Project that may be eligible to be applied to the HOME Matching Requirement pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(xiii) The specific waiting list or person or entity from which tenant household referrals were received for each tenant household occupying a Housing Unit at the Project.

(xiv) Records demonstrating compliance by Developer, Contractor and each subcontractor with Section 3 and all applicable labor compliance requirements set forth in the Agreement or otherwise required by applicable law.

(b) **Retention.** The Developer shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years after the end of each Developer's fiscal year. Notwithstanding the above, if there are litigation matters, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then all pertinent records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

(c) **Client Data.** The Developer shall maintain data regarding each tenant household that rents and occupies a Housing Unit at the Project demonstrating eligibility under the Agreement. Such data shall include, but not be limited to, client name, address, income level, or other basis for determining eligibility, Housing Unit occupied and all written notices or other communications with the household, including any defaults under the applicable lease for nonpayment of rent or otherwise. Such information shall be made available to Authority monitors or their designees for review upon request.

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
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(d) **Disclosure.** The Developer understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Developer's responsibilities with respect to Developer's performance under this Agreement, is prohibited unless written consent is obtained from such person receiving housing or any services and, in the case of a minor, that of a responsible parent/guardian.

(e) **Close Outs.** The Developer's obligation to the City shall not end until all close-out requirements are completed. Activities during the close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Developer has control over HOME Funds, including program income.

(f) **Audits and Inspections.** In accordance with Section 203.3 of the Agreement, all Developer records with respect to any matters covered by this Agreement shall be made available to the City of Garden Grove, the Authority, HUD and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Developer within 30 days after receipt by the Developer. Failure of the Developer to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Developer hereby agrees to have an annual agency audit conducted in accordance with current Authority policy concerning Developer audits and OMB Circular A-122.

2. Annual Reports. Developer shall submit annual reports to the Authority in a form approved or directed by the Authority on or before each April 30, which shall include all of the following information regarding Developer's activities during the prior calendar:

(a) The number of tenant applications received, processed, approved and disapproved.

(b) The property inspection report for the Site, the Project and each Housing Unit therein and confirmation of compliance with the applicable property standards as set forth in the Agreement.

(c) Specific information regarding the number of and ages of all tenant household members, income categories, and Affordable Rent amounts for each Housing Unit and a description of each tenant household's participation in optional social services programs made available to tenant households at the Project or through Developer's social services provider. Documentation regarding the eligibility of each new tenant household to occupy a Housing Unit, in accordance with Section 1(a)(v) above.

(d) The designation of each Housing Unit as a HOME Unit.

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
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(e) The Affordable Rent charged for each Housing Unit and an explanation for the calculation of each such Affordable Rent.

(f) Budget reconciliation information (construction and/or operating budgets, as applicable), including year-to-date expenditures and remaining balance available for Operating Expenses, Debt Service and outstanding Construction Costs or Project costs (as applicable) in accordance with the Agreement.

(g) Number of vacant Housing Units and an explanation for any vacancies lasting over 60 days.

(h) Information regarding any complaints received from tenant households and any correspondence received from community members or organizations or other nonprofit organizations regarding the Project, the Site, or the Construction or operation of the Project or the Site.

(i) Documentation of expenditures at the Project that may be eligible to be applied to the HOME Matching Requirement pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(j) Evidence that Developer is maintaining a waiting list in accordance with Section 1202.1 of the Agreement.

3. Performance Monitoring.

(a) **Periodic Meetings.** Developer shall be available to attend meetings with Authority staff every two weeks during the Construction, to review the Construction progress and pending or upcoming draw requests on the HOME Loan and/or other funding sources for the Project. Following completion of Construction Developer shall be available upon request by Authority staff to review Developer's activities under the Agreement and to ensure the Project is operating in accordance with the Agreement and the HOME Program.

(b) **Authority Oversight and Review.** Authority will monitor the performance of the Developer against the goals and performance standards set forth in the Agreement. From time to time, Authority shall be entitled to audit and review Developer's performance under the Agreement and compliance with the Agreement and the HOME Program. Substandard performance as determined by the Authority will constitute noncompliance with the Agreement. If action to correct such substandard performance is not taken by the Developer within the applicable cure period set forth in the Agreement, such substandard performance will constitute a Default under the Agreement.

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

ATTACHMENT NO. 12
COMPLETION GUARANTY

This **COMPLETION GUARANTY** ("Guaranty") is made as of _____, 2015, by **JAMBOREE HOUSING CORPORATION**, a California nonprofit public benefit corporation ("Guarantor"), in favor of the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), and **GARDEN GROVE HOUSING AUTHORITY**, a public body corporate and politic ("Authority"). As used herein, the term "Garden Grove Parties" shall mean City and/or Authority, as the context dictates.

RECITALS

A. Garden Grove Housing Partners LP, a California limited partnership ("Developer"), is the owner of that certain real property in the City of Garden Grove more particularly described on Exhibit "A" attached hereto and made a part hereof ("Site");

B. Authority and Developer entered into that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project), dated as of June __, 2015 ("HOME Agreement"), pursuant to which Developer agreed to construct an affordable rental housing development on the Site within the time and in accordance with the terms and conditions of the HOME Agreement;

C. Pursuant to the HOME Agreement, the Authority agreed to make a loan to Developer in the amount of \$2,010,561 ("HOME Loan") sourced from HOME Investment Partnership Act moneys allocated to the City ("HOME Funds") to finance part of the acquisition of the Conforming Leasehold Interest in the Site and development on the Site, which loan is evidenced by an HOME Loan Note and secured by an HOME Loan Deed of Trust encumbering the Site (together with the HOME Agreement, the "HOME Documents"); and

D. Pursuant to the HOME Agreement, the Authority further agreed to make a loan to the Developer in the amount of \$1,600,000 ("Additional Authority Loan") secured by Authority moneys to finance development on the Site, which loan is evidenced by an Additional Authority Loan Note and secured by an Additional Authority Loan Deed of Trust encumbering the Site; and

E. Pursuant to the HOME Agreement, the City agreed to provide to the Developer a fee deferral in the amount of \$90,052, which is evidenced by that certain City DA Fee Deferral Loan Note and secured by the City DA Fee Deferral Loan Deed of Trust; and

F. Together the above-described loans and deferral along with the HOME Agreement are referred to as the HOME Documents or the Loan Documents.

E. Guarantor is an Affiliate of Developer, has a substantial financial interest in the business and affairs of Developer and it will receive substantial economic benefit should Developer develop the Site in the manner and in accordance with the terms of the HOME Agreement and the Loan Documents.

THEREFORE, to induce the Garden Grove Parties to enter into the Loan Documents and to make these loans and the deferral and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. HOME Agreement. Guarantor acknowledges receipt of a copy of the HOME Agreement and all of the instruments described therein and/or attached thereto. The HOME Agreement is incorporated herein by this reference as though fully set forth herein. HOME Agreement as used herein shall mean, refer to and include the HOME Agreement, as well as any riders, exhibits, addenda, amendments and attachments thereto or other documents expressly incorporated by reference in the HOME Agreement. Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in the HOME Agreement.

2. Guaranty. Guarantor hereby guarantees the performance by Developer of its obligation to complete construction of the Project and all associated on-site and off-site improvements (collectively, the "Improvements") on the Site pursuant to the terms and conditions set forth in the HOME Agreement and in accordance with the Schedule of Performance attached to the HOME Agreement. Without limiting the generality of the foregoing, Guarantor guarantees that: (a) such construction shall be substantially completed within the time limits set forth in the HOME Agreement, subject to force majeure delays; (b) the development of the Improvements shall be constructed and substantially completed in accordance with the Development Plans and all other plans, specifications and the other provisions of the HOME Agreement (collectively, "Specifications") without substantial deviation therefrom, as the same may be modified from time to time in accordance with the HOME Agreement; (c) the development shall be constructed and completed free and clear of any mechanic's liens, materialmen's liens and equitable liens; (d) all costs of construction shall be paid prior to delinquency, including any cost overruns; and (e) the development and construction shall be completed in accordance with all applicable laws, including Section 3, Davis-Bacon, if applicable, and all other applicable labor and prevailing wage requirements (collectively, "Labor and Wage Requirements"). Notwithstanding anything to the contrary in this Guaranty or any of the Loan Documents, Guarantor agrees that the term of this Guaranty and Guarantor's obligations hereunder shall continue in full force and effect until the expiration of any and all statutes of limitation applicable to the enforcement of or assertion of, claims for damages relating to, Labor and Wage Requirements, by workers and/or governmental or regulatory entities.

3. Lien Free Completion. Substantial completion of construction of the Improvements on the Site free and clear of liens shall be deemed to have occurred upon: (a) (i) Authority's receipt of all required occupancy permit(s) for the Project issued by the local government agency having jurisdiction and authority to issue same, and (ii) the expiration of the statutory period(s) within which valid mechanic's liens, materialmen's liens and/or stop notices may be recorded and/or served by reason of the construction of the Project, or, alternatively, Authority's receipt of valid, unconditional releases thereof from all persons entitled to record said liens or serve said stop notices; or (b) Authority's receipt of such other evidence of lien free completion as Authority deems satisfactory in its reasonable discretion.

4. Obligations of Guarantor upon Default by Developer. If the construction of the Improvements is not substantially completed in the manner and within the time required by the HOME Agreement, subject to force majeure delays, Guarantor shall, within thirty (30) days of receipt of written demand of the Garden Grove Parties: (a) diligently proceed to complete

**ATTACHMENT NO. 12
COMPLETION GUARANTY**

construction at Guarantor's sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the construction of the Improvements; and (c) release and discharge all claims of stop notices, mechanic's liens, materialmen's liens and equitable liens that may arise in connection with the construction of the Improvements. Guarantor's obligations hereunder shall be subject to Authority's unconditional and irrevocable agreement to make the undisbursed HOME Loan funds available to Guarantor (pursuant to the terms and conditions of the Loan Documents) for the purposes of completing construction of the Improvements and fulfilling Guarantor's other obligations under this Guaranty; provided, however, that the obligation of Authority to make such undisbursed HOME Loan funds available to Guarantor is expressly conditioned upon there being no continuing default by Guarantor under this Guaranty.

5. Remedies. If Guarantor fails to promptly perform its obligations under this Guaranty, the Garden Grove Parties shall have the following remedies:

5.1 At the Garden Grove Parties' option, and without any obligation to do so, to proceed to perform on behalf of Guarantor any or all of Guarantor's obligations hereunder and Guarantor shall, upon demand and whether or not construction is actually completed by the Garden Grove Parties, pay to the Garden Grove Parties all sums expended by the Garden Grove Parties in performing Guarantor's obligations hereunder together with interest thereon at the highest lawful rate specified in the HOME Loan Note and/or the Additional Authority Loan Note; and

5.2 From time to time and without first requiring performance by Developer or exhausting any or all security for the HOME Loan and/or the Additional Authority Loan Note, to bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by the Garden Grove Parties as a direct or indirect consequence of the failure of Guarantor to perform its obligations.

6. Rights of the Garden Grove Parties. Guarantor authorizes the Garden Grove Parties, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) approve modifications to the Development Plans and Specifications so long as such modifications do not materially increase the cost of constructing the Project nor materially increase the time necessary to complete the Project; (b) change the terms or conditions of disbursement of the HOME Loan and/or the Additional Authority Loan Note so long as such changes do not materially interfere with Developer's ability to construct the Project as and when required under the HOME Agreement; (c) otherwise modify the Loan Documents, including, without limitation, making changes in the terms of repayment of the HOME Loan and/or the Additional Authority Loan Note or modifying, extending or renewing payment dates; releasing or subordinating security in whole or in part; changing the interest rate; or advancing additional funds in its discretion for purposes related to the purposes specified in the Loan Documents; or (d) assign this Guaranty in whole or in part.

7. Guarantor's Waivers. Guarantor waives: (a) any defense based upon any legal disability or other defense of Developer, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Developer from any cause other than full payment and performance of those obligations of Developer which are guaranteed hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to

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act on behalf of Developer or any principal of Developer or any defect in the formation of Developer or any principal of Developer; (c) any defense based upon the application by Developer of the proceeds of the HOME Loan and/or the Additional Authority Loan Note for purposes other than the purposes represented by Developer to the Garden Grove Parties or intended or understood by the Garden Grove Parties or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by the Garden Grove Parties, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon the Garden Grove Parties' failure to disclose to Guarantor any information concerning Developer's financial condition or any other circumstances bearing on Developer's ability to pay and perform its obligations under the HOME Loan Note and/or the Additional Authority Loan Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon the Garden Grove Parties' election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which any of the Garden Grove Parties may have against Developer and any right to participate in, or benefit from, any security for the HOME Loan Note or the other Loan Documents now or hereafter held by the Garden Grove Parties; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof.

Guarantor further waives all rights and defenses that Guarantor may have because the Developer's debt is secured by real property. This means, among other things: (1) the Garden Grove Parties may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Developer. (2) If any of the Garden Grove Parties forecloses on any real property collateral pledged by Developer: (A) The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) the Garden Grove Parties may collect from Guarantor even if the Garden Grove Parties, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Developer. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Developer's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the HOME Loan Note and/or the Additional Authority Loan Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

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8. Guarantor's Warranties. Guarantor warrants and acknowledges that: (a) Authority would not make the HOME Loan and/or the Additional Authority Loan but for this Guaranty; (b) Guarantor has reviewed all of the terms and provisions of the Loan Documents, including the HOME Agreement, Development Plans, and Specifications; (c) there are no conditions precedent to the effectiveness of this Guaranty; (d) Guarantor has established adequate means of obtaining from sources other than the Garden Grove Parties, on a continuing basis, financial and other information pertaining to Developer's financial condition, the Property, the progress of construction of the Improvements, and the status of Developer's performance of its obligations under the Loan Documents, and the Garden Grove Parties have made no representation to Guarantor as to any such matters; (e) the most recent financial statements of Guarantor previously delivered to lender are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently applied (or other principles acceptable to the Garden Grove Parties) and fairly present in all material respects the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof and (f) Guarantor has not and will not, without the prior written consent of the Garden Grove Parties, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

9. Subordination. Guarantor subordinates all present and future indebtedness owing by Developer to Guarantor to the obligations at any time owing by Developer to the Garden Grove Parties under the HOME Loan Note and/or the Additional Authority Loan Note and the other Loan Documents. Guarantor further agrees not to assign all or any part of such indebtedness unless each of the Garden Grove Parties is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.

10. Bankruptcy of Developer. In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Developer relating to any indebtedness of Developer to Guarantor and shall assign to the Garden Grove Parties all rights of Guarantor thereunder. If Guarantor does not file any such claim, the Garden Grove Parties, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in the Garden Grove Parties' discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the Garden Grove Parties' nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The Garden Grove Parties or their nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the Garden Grove Parties the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to the Garden Grove Parties all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that the Garden Grove Parties receive cash by reason of any such payment or distribution. If the Garden Grove Parties receive anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the Garden Grove Parties as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such

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avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.

11. Additional, Independent and Unsecured Obligations. This Guaranty is independent of the obligations of Developer under the HOME Loan Note, the HOME Loan Deed of Trust, the Additional Authority Loan Note, the Additional Authority Loan Deed of Trust, and the other Loan Documents. The Garden Grove Parties may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Developer or any other party or joining Developer or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.

12. Attorneys' Fees; Enforcement. If any attorney is engaged by the Garden Grove Parties to enforce or defend any provision of this Guaranty, or any of the other Loan Documents relating to the construction of the Improvements, or as a consequence of any Default, breach or failure of condition under the Loan Documents relating to the construction of the Improvements, with or without the filing of any legal action or proceeding, Guarantor shall pay to the Garden Grove Parties, immediately upon demand all reasonable attorneys' fees and costs incurred by the Garden Grove Parties in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the HOME Loan Note and/or the Additional Authority Loan Note as specified therein.

13. Rules of Construction. The word "Developer" as used herein shall include both the named Developer and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Developer under the HOME Loan Note and/or the Additional Authority Loan Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

14. Credit Reports. Each legal entity and individual obligated on this Guaranty hereby authorizes the Garden Grove Parties to order and obtain, from a credit reporting agency of the Garden Grove Parties' choice, a third party credit report on such legal entity and individual.

15. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to the Garden Grove Parties under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.

16. Miscellaneous. The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and the Garden Grove Parties. The liability of all persons and entities that are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed

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from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.

17. Enforceability. Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of the Garden Grove Parties' consideration for entering into this transaction, the Garden Grove Parties have specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to the Garden Grove Parties that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by the Garden Grove Parties, and that the Garden Grove Parties are induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.

[Signatures appear on following page]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date appearing on the first page of this Guaranty.

“GUARANTOR”

JAMBOREE HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____

Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

PARCEL A:

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-487987, OFFICIAL RECORDS.

PARCEL B:

THOSE PORTIONS OF STANFORD AVENUE AND MAIN STREET, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, ADJOINING PARCEL 2 ON THE NORTH AND EAST, AS SHOWN ON A PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THAT CERTAIN COURSE IN THE BOUNDARY OF SAID PARCEL 2 SHOWN AS "NORTH 0° 53' 09" 233.25 FEET" ON SAID PARCEL MAP AND BOUNDED SOUTHERLY BY THE EASTERLY PROLONGATION OF THAT CERTAIN COURSE SHOWN AS "NORTH 89° 23' 30" EAST 281.00 FEET" ON SAID PARCEL MAP.

PARCEL C:

THE WEST 110 FEET OF THE EAST 210 FEET OF THE NORTH 2 ACRES OF THE WEST HALF (W½) OF THE NORTHEAST QUARTER (NE¼) OF THE SOUTHEAST QUARTER (SE¼) OF THE SOUTHEAST QUARTER (SE¼) OF SECTION THIRTY-TWO (32), IN TOWNSHIP FOUR (4) SOUTH, RANGE TEN (10) WEST, SAN BERNARDINO BASE AND MERIDIAN.

APN(s): 089-202-28 and 089-202-54

ATTACHMENT NO. 13

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

_____, a duly authorized officer of and on behalf of GARDEN GROVE HOUSING PARTNERS LP (“Owner/Operator”), hereby represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) (“Agreement”) by and between the Garden Grove Housing Authority (“Authority”) and Garden Grove Housing Partners LP of which this certification is an attachment.

2. As of the date of this certification, each Housing Unit on the Site (other than one on-site manager’s unit) (i) is currently occupied by tenants qualifying as 50% AMI Very Low Income Households and 59% AMI Low Income Households, all at an Affordable Rent (as such terms are defined in the Agreement); or (ii) is currently vacant and being held available for occupancy by such tenants in accordance with the Agreement and has been so held continuously since the date the previous qualifying tenant vacated such Housing Unit, as indicated: **[describe number of vacant Housing Units and length of time each such Housing Unit has remained vacant]**; or (iii) is occupied by qualifying tenants whose incomes have increased above such qualifications in accordance with the terms and conditions of Section 2.5 of the Regulatory Agreement.

3. The unit size, the rental amount charged and collected by Owner/Operator, the number of occupants and the income of the occupants for the Site is set forth below: **[Add attachment if needed]**

This affidavit is made with the knowledge that it will be relied upon by Authority to determine compliance with the Agreement. Owner/Operator warrants that all information set forth in this document is true, correct and complete and based upon information Owner/Operator deems reliable and based upon such investigation as Owner/Operator deemed necessary.

Owner/Operator acknowledges that Owner/Operator has been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of the Agreement with Authority and may entitle Authority to initiate and pursue all applicable legal and equitable remedies with respect such Agreement:

[CONTINUED ON NEXT PAGE]

Owner/Operator does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Garden Grove, California.

“OWNER/OPERATOR”

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

ATTACHMENT NO. 14

CERTIFICATE OF CONTRACTOR/SUBCONTRACTOR

Use the following Certificate for the Contractor:

CERTIFICATE OF CONTRACTOR

This **CERTIFICATE OF CONTRACTOR** ("Certificate") is hereby made as of _____, 20____, by _____, a contractor duly licensed in the State of California ("Contractor"), in favor of the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Authority"). Any capitalized terms used herein and not defined shall have the same meanings as set forth in the Agreement (defined below).

RECITALS

A. Authority and Garden Grove Housing Partners LP ("Developer") have entered into a HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) dated as of June ____, 2015 ("Agreement"), which Agreement provides for Developer's acquisition of a Conforming Leasehold Interest in the Site and Construction on certain real property situated in the City of Garden Grove, California ("Site"). The Site is generally located at 10882 Stanford Avenue and 12741 Main Street in the City.

B. As required in the Agreement, Contractor shall furnish Authority with this Certificate of Contractor acknowledging that any construction performed pursuant to the terms of the Agreement shall comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the prevailing wage requirements set forth in the federal Davis-Bacon Act (40 U.S.C. §276a-276a-5).

C. Capitalized terms used herein have the meanings set forth in the Agreement.

NOW, THEREFORE, Contractor hereto certifies as follows:

1. As provided in the Agreement, Contractor does hereby certify that it understands that the provisions of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the provisions of the Davis-Bacon Act (40 U.S.C. §276a-276a-5) shall be applicable to any construction work performed pursuant to the Agreement;

2. Contractor shall be solely responsible for determining the requirements under Section 3 and the prevailing wage laws, and for complying with such requirements; and

3. The recitals above are incorporated in full as part of the substantive text of this Certificate.

IN WITNESS WHEREOF, Contractor does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Garden Grove, California.

CONTRACTOR:

By: _____

Name: _____

Title: _____

[Form of Certificate of Subcontractor Appears on Following Pages]

**ATTACHMENT NO. 14
CERTIFICATE OF CONTRACTOR/SUBCONTRACTOR**

Page 2 of 4

Use the following certificate for the Subcontractor:

CERTIFICATE OF SUBCONTRACTOR

This **CERTIFICATE OF SUBCONTRACTOR** ("Certificate") is hereby made as of _____, 20____, by _____, a contractor duly licensed in the State of California ("Subcontractor"), in favor of the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Authority"). Any capitalized terms used herein and not defined shall have the same meanings as set forth in the Agreement (defined below).

RECITALS

A. Authority and Garden Grove Housing Partners LP ("Developer") have entered into a HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) dated as of June ____, 2015 ("Agreement"), which Agreement provides for Developer's acquisition of a Conforming Leasehold Interest in the Site and Construction on certain real property situated in the City of Garden Grove, California ("Site"). The Site is generally located at 10882 Stanford Avenue and 12741 Main Street in the City.

B. As required in the Agreement, Subcontractor shall furnish Authority with this Certificate of Subcontractor acknowledging that any construction performed pursuant to the terms of the Agreement shall comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the prevailing wage requirements set forth in the federal Davis-Bacon Act (40 U.S.C. §276a-276a-5).

C. Capitalized terms used herein have the meanings set forth in the Agreement.

NOW, THEREFORE, Subcontractor hereto certifies as follows:

1. As provided in the Agreement, Subcontractor does hereby certify that it understands that the provisions of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the provisions of the Davis-Bacon Act (40 U.S.C. §276a-276a-5) shall be applicable to any construction work performed pursuant to the Agreement;

2. Subcontractor shall be solely responsible for determining the requirements under Section 3 and the prevailing wage laws, and for complying with such requirements; and

3. The recitals above are incorporated in full as part of the substantive text of this Certificate.

IN WITNESS WHEREOF, Subcontractor does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Garden Grove, California.

SUBCONTRACTOR:

By: _____

Name: _____

Title: _____

ATTACHMENT NO. 15

**DESCRIPTION OF SOCIAL SERVICES
(Garden Grove United Methodist Church Senior/Multi-Family Apartments Project)**

Garden Grove Housing Partners LP, a California limited partnership ("Owner"), is the Owner of the Garden Grove/UMC Apartments Project, a community consisting of 47 units, of which 46 units are subsidized and subject to various regulatory agreements that restrict their occupancy and rent. The Garden Grove/UMC Apartments Project is located at 10882 Stanford Avenue and 12741 Main Street in Garden Grove, California. Owner and Garden Grove Housing Authority ("Authority") have entered into a HOME Funds Commitment and Agreement ("HOME Agreement") that provides for Authority to make a loan of HOME Funds ("HOME Loan") and an additional loan ("Additional Authority Loan"), and the City will make available a certain deferred fee loan under the HOME Agreement ("City DA Fee Deferral Loan" and, together with the HOME Loan and the Additional Authority Loan, the "Garden Grove Loans"), all as more particular described in the HOME Agreement, to support Owner's acquisition of the Conforming Leasehold Interest in the Site and development of the Site.

Owner acknowledges and agrees that, as part of the HOME Agreement (including without limitation this Attachment No. 15), Owner is required to provide social services at the Site for the Senior Citizen Households and Non-Senior/Family Households, including early care and education services for preschool children of the tenants, and Owner further acknowledges and agrees that the type and extent of such services shall be subject to the approval of both HUD and the Authority Director of the Authority. Further, Owner acknowledges that Authority and City conditioned the Garden Grove loans on the provision of the social services described in this HOME Agreement. Owner shall make commercially reasonable efforts to obtain funding for the various social services programs required to be implemented at the site throughout the term of the HOME Agreement and until the repayment of each of the City DA Fee Deferral Loan, the Home Loan and the Additional Authority Loan have been paid in full. Fair Housing Laws and HOME Regulations prohibit the Owner from requiring a resident to participate in social services.

Scope of Social Services

Scope of social services may include: afterschool program activities including homework assistance, educational supports and activities, recreational activities and healthy snacks daily; health screenings and non-invasive medical examinations conducted by allied health care professionals under the supervision of licensed medical doctors within the legal structure of a Federally Qualified Health Clinic; social, recreational and nutritional activities as defined by the State of California Department of Health Services as a "social" model of adult day care; and behavioral health and therapy.

All services provided shall be coordinated, supervised and managed by JHC's resident services Resident Services Coordinator. Services included in one or more of the aforementioned categories shall be provided no less than 1,200 hours per year. Staff will manage the scheduling, coordination and management of services onsite and ensure all required record-keeping and data reporting for the property.

Reports and Monitoring

The Owner must submit the Annual Performance Report (Exhibit B) to the Authority no later than the 30th day of April. The report will provide a summary of the social services completed for the prior calendar year. Upon the request of the Authority, the Owner shall provide financial records, source documentation and other reports as required to ensure proper accounting of all project funds.

The Authority will conduct periodic program monitoring reviews. These reviews will focus on the extent to which the required social services have been implemented and measurable goals achieved, effectiveness of program management, and impact of the program. Authorized representatives of Authority shall have the right of access to all activities and facilities operated by Owner under this contract. Facilities include all files, records, and other documents related to the performance of the HOME Agreement, including this Attachment.

Substitute Services

In the event that, despite Owner's best, commercially reasonable efforts, Owner is unable to provide all of the social services described below, the Owner shall make its best, commercially reasonable efforts to provide comparable social services at the Site that are reasonably similar in scope and content those described herein, and that meet all requirements of the HOME Agreement (including without limitation this Attachment No. 15) and all applicable laws, rules and regulations. Any substitution of services and programs shall be subject to the prior written approval of the Authority Director, which approval shall not be unreasonably withheld, conditioned or delayed. In the event the characteristics of the resident population at the Site change substantially, the Owner shall make its best, commercially reasonable efforts to provide amended social services programming at the Site that are reasonably similar in scope and content those described above and are targeted to the resident characteristics that exist at that time, and that meet all requirements of all Federal Program Limitations, including all applicable laws, rules and regulations, and the HOME Agreement.

EXHIBIT A TO ATTACHMENT NO. 15

SOCIAL SERVICES PROGRAM ANNUAL BUDGET							
Budget Details			No. of FT	No. of PT	Project Funds	Non Project Funds (Other Funds)	Total Funds
Below list titles of all employees that will administer the program. Include, to the right, the numbers of positions with those titles that are full-time (FT), part-time (PT), or contract (C). Additionally, include all (non-labor) other operating expenses associated with the social services program.							
a.	Resident Service Coordinator		.25	.25	17,900		17,900
b.	Employee Taxes				3,150		3,150
c.	Resident Service Supervisor			1			
d.	Health						
e.	Computers equipment						
f.	Travel				1,500		1,500
g.	RSC Training/ Conf.						
h.	Phone/Internet bills						
i.	Events and Activities						
j.	Outside Instructors						
k.	Temporary staffing						
l.	Supplies				2,450		2,450
m.	Misc. (printing, postage, etc.)						
n.	Corporate Overhead						
o.	Services Coordinator			1			
Totals:					25,000		25,000

EXHIBIT A TO ATTACHMENT NO. 15
SOCIAL SERVICES PROGRAM ANNUAL BUDGET

EXHIBIT B TO ATTACHMENT NO. 15

**SOCIAL SERVICES PROGRAM
ANNUAL PROGRESS REPORT**

PROJECT NAME	PROJECT ADDRESS
PROJECT CONTACT PERSON AND TITLE	MAILING ADDRESS
CONTACT PHONE	CONTACT EMAIL
TOTAL UNITS	NUMBER OF SUBSIDIZED UNITS
REPORTING PERIOD	
I. PROGRAM MANAGEMENT	
WITHIN THE CONTEXT OF THE CONTRACT, SUMMARIZE YOUR OVERALL PROGRESS IN PROVIDING SOCIAL SERVICES AT THE SITE.	

DESCRIBE ANY OBSTACLES TO PERFORMANCE AND MEASURES TAKEN TO OVERCOME THOSE OBSTACLES

DESCRIBE ANY CHANGES IN PERSONNEL TO THE SOCIAL SERVICES PROGRAM, AND CHANGES IN KEY PERSONNEL RETAINED BY OTHER ENTITIES DIRECTLY INVOLVED IN YOUR PROGRAM AND ITS IMPACT ON YOUR ACTIVITIES.

DESCRIBE ANY SIGNIFICANT CHANGES TO THE APPROACH OR BUDGET THAT HAVE OCCURRED DURING THE YEAR.

**ATTACHMENT NO. 15
SOCIAL SERVICES PROGRAM ANNUAL PROGRESS REPORT**

ARE ANY OF THE SERVICES/ PROGRAMS NOT BEING USED OR ARE UNDERUTILIZED? IF SO, PLEASE DESCRIBE ANY SERVICES/PROGRAMS THAT MAYBE NEEDED. ALSO DESCRIBE ANY SERVICES/PROGRAMS THAT MAY NEED EXPANSION?

II. COMMUNITY OUTREACH AND AVAILABLE RESOURCES

LIST ALL TYPES OF RESIDENT OUTREACH ACTIVITIES CONDUCTED TO ENSURE ALL RESIDENTS ARE AWARE OF THE SOCIAL SERVICES/ PROGRAMS AVAILABLE BOTH ON AND OFF-SITE.

DESCRIBE THE AVAILABILITY OF OUTSIDE SERVICES / PROGRAMS FOR RESIDENT REFERRALS AND DESCRIBE ACTIONS TAKEN TO INCREASE THE NUMBER OF SERVICES / PROGRAMS AVAILABLE TO RESIDENTS OR TO TAILOR EXISTING SERVICES/PROGRAMS TO CURRENT RESIDENT POPULATION.

III. SOCIAL SERVICE ACTIVITIES

ADULT EDUCATION SERVICES

DESCRIBE THE FINANCIAL LITERACY TRAININGS COMPLETED DURING THE REPORTING PERIOD. HOW MANY RESIDENTS PARTICIPATED IN FINANCIAL LITERACY TRAINING?

DESCRIBE THE RESUME BUILDING SERVICES COMPLETED DURING THE REPORTING PERIOD. HOW MANY RESIDENTS RECEIVED RESUME BUILDING SERVICES?

HOW MANY RESIDENTS WERE REFERRED TO OFF-SITE WORKFORCE CENTERS AND/OR JOB TRAINING PROGRAMS?

DID ANY RESIDENTS SUCCESSFULLY OBTAIN EMPLOYMENT DURING THE REPORTING PERIOD? IF SO, HOW MANY RESIDENTS WERE EMPLOYED DURING THE PERIOD AND WHAT KIND OF EMPLOYMENT WAS OBTAINED?

ACADEMIC ENRICHMENT SERVICES

DESCRIBE THE AFTERSCHOOL PROGRAMS AND ACTIVITIES OFFERED AT THE SITE AND HOW MANY HOURS OF PROGRAMS WERE OFFERED DURING THE REPORTING PERIOD?

DESCRIBE THE NUMBER OF CHILDREN SERVED DURING THE REPORTING PERIOD IN THE ACTIVITIES IDENTIFIED ABOVE?

ON AVERAGE, HOW MANY HOURS OF ACADEMIC ENRICHMENTS SERVICES WERE PROVIDED PER WEEK?

HEALTH AND WELLNESS PROGRAM

DESCRIBE THE FQHC SERVICES PROVIDED ON SITE DURING THIS PERIOD. HOW MANY HOURS OF SERVICES WERE PROVIDED AND TO HOW MANY INDIVIDUALS?

ADULT SERVICES

DESCRIBE THE SOCIAL SERVICES OFFERED TO ADULT ONSITE DURING THIS REPORTING PERIOD?

DESCRIBE THE NUMBER OF INDIVIDUALS SERVED DURING THE PERIOD AND WHAT ACTIVITIES THEY PARTICIPATED IN?

OFF-SITE REFERRALS
DESCRIBE THE OFF-SITE REFERRALS COMPLETED DURING THE REPORTING PERIOD. HOW MANY RESIDENTS WERE REFERRED TO OFF-SITE SERVICES? WHAT WERE THE 3 MOST COMMON OFF-SITE SERVICES USED BY RESIDENTS?

ATTACHMENT NO. 16

[RESERVED]

ATTACHMENT NO. 16

[RESERVED]

Page 1 of 1

ATTACHMENT NO. 17

FORM OF OPERATING BUDGET

	<i>2015 Actuals</i>	<i>2016 PUPM Budget</i>	<i>2016 Annual Budget</i>	<i>2016 Increase (Decrease)</i>
OPERATING INCOME				
Rental Income				
Rents				
Section 8 Subsidy Payments				
Total Rental Income:				
Total Rental Income				
Vacancy Loss (%)				
Subtotal				
Other Income				
Laundry				
Vending				
Application Fees				
NSF and Late Charges				
Damages and Cleaning Fees				
Forfeited Security Deposits				
Other Revenue				
Total Other Income:				
Financial Income				
Interest Earned on Security Deposits				
Interest Earned on Reserves				
Interest Earned on Impound Accounts				
Income from Investments - Misc.				
Total Financial Income:				
NET TOTAL INCOME:				
OPERATING EXPENSES				
Rental Expenses				
Advertising/Marketing				
Credit Checks				
Miscellaneous Renting Expenses				
Total Rental Expenses:				
Administrative Expenses				
Office Salaries/Payroll				
Managers Salary				
Managers unit				

ATTACHMENT NO. 17
FORM OF OPERATING BUDGET

	<i>2015 Actuals</i>	<i>2016 PUPM Budget</i>	<i>2016 Annual Budget</i>	<i>2016 Increase (Decrease)</i>
Payroll Processing Fee				
Office Expenses				
Copier/Copying				
Telephone				
Answering Service				
Cell Phones and Pagers				
Intercom				
Postage/Copies				
Computer Equipment				
Computer Charges				
Internet/Cable Connection				
Mileage/Travel				
Dues and Subscriptions				
Seminars/Training				
Bank Charges				
Management Fee (\$ PUPM)				
Partnership Management Fee				
Asset Management Fee				
Compliance Monitoring				
CPA/Bookkeeping				
Legal Expenses				
Audit Expenses				
Collection Loss				
Misc. Administrative Expenses				
<i>Total Administrative Expenses:</i>				
Utility Expenses				
Electricity				
Water				
Gas				
Sewer				
<i>Total Utility Expenses:</i>				
Operating and Maintenance Expenses				
Salaries - Janitor/Cleaning				
Salaries - Maintenance				
Salaries - Repairs				
Salaries - Overtime				
Salaries - Bonus				
Supplies - Janitorial/Cleaning				
Supplies - Grounds				
Supplies - Repairs				
Supplies - Plumbing				
Supplies - Electrical				

**ATTACHMENT NO. 17
FORM OF OPERATING BUDGET**

	<i>2015 Actuals</i>	<i>2016 PUPM Budget</i>	<i>2016 Annual Budget</i>	<i>2016 Increase (Decrease)</i>
Supplies - Security				
Supplies - Decorating/Paint				
Supplies - Uniforms				
Supplies - Misc.				
Contract - Social Service Coordinator				
Contract - Janitorial/Cleaning				
Contract - Extermination				
Contract - Grounds				
Contract - Repairs				
Contract - Plumbing				
Contract - Electrical				
Contract - Decorating/Paint				
Contract - Security/Alarm				
Contract - Consultants				
Misc. Operating Expenses				
Unit Turnover Costs				
Garbage Removal				
Elevator Repair/Contract				
Heating and Cooling Repair/Contract				
Swimming Pool Maintenance				
Vehicle Maintenance/Equipment				
Misc. Maintenance				
Lock and Key Expenses				
Window and Glass Expense				
Fire Extinguisher Service and Supplies				
Uniforms/Laundry				
Flooring Replacement				
Window Covering Replacement				
Appliance Replacement				
A/C - Heater Replacement				
Furniture/Fixtures Replacement				
Plumbing Replacement				
Tub Refinishing				
Garbage Disposal Replacement				
Cabinets Replacement				
Other Replacement				
<i>Total Operating & Maintenance Expenses:</i>				
Taxes and Insurance				
Real Estate Taxes				
Payroll Taxes				
Property and Liability Insurance				
Fidelity Bond Insurance				

**ATTACHMENT NO. 17
FORM OF OPERATING BUDGET**

	<i>2015 Actuals</i>	<i>2016 PUPM Budget</i>	<i>2016 Annual Budget</i>	<i>2016 Increase (Decrease)</i>
Worker's Compensation Insurance Health Insurance & Employee Benefits 401K Matching/EE Benefits Other Insurance Misc. Taxes, Licenses and Permits				
<i>Total Taxes and Insurance:</i>				
Financial Expenses/Debt Service Interest Principal Misc. Financial Expenses				
<i>Total Financial Expenses/Debt Service:</i>				
Reserves Operating Reserves Replacement Reserves Other Reserves				
<i>Total Reserves:</i>				
<i>TOTAL OPERATING EXPENSES</i>				
CASH FLOW				

ATTACHMENT NO. 18

FORM OF RESIDUAL RECEIPTS REPORT

Garden Grove Housing Authority
(Garden Grove United Methodist Church Apartments Project)

Residual Receipts Report
for the Year Ending _____

Date Prepared _____

Please complete the following information and execute the certification at the bottom of this form.

Annual Project Revenue

Please report Annual Project Revenue for the year ending _____ on the following lines:

Rent Payments received (including Section 8 tenant assistance payments, if any) (1) \$ _____

Interest Income (do **not** include interest income from replacement and operating reserves nor interest income on tenant security deposits) (2) \$ _____

Additional Income Related to Project Operations (for example, vending machine income, tenant forfeited deposits, laundry income not paid to the residents' association) (3) \$ _____

Total Annual Project Revenue (Add lines 1, 2, and 3) (4) \$ _____

Operating Expenses¹

Please report Operating Expenses incurred in relation to the operations of the Project for the year ending _____, on the following lines:

Operating and Maintenance Expenses (5) \$ _____

Utilities (6) \$ _____

Property management Expenses and On-Site Staff Payroll (7) \$ _____

Administrative Expenses Incurred by Project (8) \$ _____

Property/Possessory Interest Taxes (9) \$ _____

Insurance (10) \$ _____

Other Expenses Related to Operations of the Project (11) \$ _____
Please list these expenses: _____

Total Annual Operating Expenses (12) \$ _____
(Add lines 5, 6, 7, 8, 9, 10, and 11)

Net Operating Income (Subtract Line 12 from Line 4) (13) \$ _____

¹ Do not include expense unrelated to the Project's operations, such as depreciation, amortization, accrued principal and interest expense on deferred payment debt, or capital expenditures paid from withdrawals from the Capital Replacement Reserve.

Additional Cash Flow Payments

Obligated Debt Service Payments (as approved by Authority and other parties that may have such approval rights) (14) \$ _____

Scheduled Deposits to Capital and Operating Reserves (as approved by Authority) (15) \$ _____

Additional Payment Obligations (such as Partnership Related Fees, Deferred Developer Fee, repayments on loans by partners, or unpaid Tax Credit amounts, as approved by Authority to have priority over Residual Receipt Payment to Authority.) (16) \$ _____

Total Additional Cash Flow Payments (Add lines 14, 15, and 16) (17) \$ _____

Residual Receipts for Year Ending _____ (18) \$ _____
(Subtract Line 17 from Line 13)

Percentage of Residual Receipts to be Paid to Authority (in repayment of the Additional Authority Loan [and upon satisfaction thereof, then the HOME Loan]) (19) _____ %

Amount Payable to Authority (Multiply Line 18 by Line 19) (20) \$ _____

The amount payable to Authority listed on Line 20 is subject to payment according to the terms of each of the Additional Authority Loan Note and the HOME Loan Note by and between Authority and Borrower dated _____. If Line 20 is \$0.00 or negative, you owe nothing to Authority this year. If Line 20 is a positive number, remit check payable to _____ and attach to this report.

**Computation of Residual Receipts
for the Year Ending _____**

The following certification should be executed by the Authority Director or Chief Financial Officer of the Borrower, or the Managing General Partner of the Borrower.

I certify that the information provided in this form is true, accurate, and correct in all respects.

Date

By: _____
(Print Name)

Its: _____
(Title)

ATTACHMENT NO. 19

**HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

Developer shall comply with the requirements set forth in this Attachment No. 19 at all times during the term of that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) ("Agreement") between City and Developer, to which this Attachment is attached.

1. Documentation and Recordkeeping.

(a) **Records to be maintained.** Developer shall maintain all records required by the federal regulations specified in 24 CFR 92.508(a)(3), which are pertinent to the Construction and operation of the Project funded under this Agreement. Records shall be maintained for each tenant household, each Housing Unit, and each expenditure of HOME Funds for the acquisition of the Conforming Leasehold Interest in the Site and Construction of the Project pursuant to the Agreement. Such records shall include but are not limited to:

(i) Records providing a full description of each activity undertaken for which HOME Funds were applied;

(ii) Records required to determine the eligibility of activities for use of HOME Funds;

(iii) Records (including property inspection reports) demonstrating that each Housing Unit meets the property standards of 24 CFR 92.251(d) and 24 CFR 982.401 upon occupancy and at the time of each annual inspection and was constructed and is maintained in accordance with the Agreement.

(iv) Records demonstrating compliance with the property standards and financial reviews and actions pursuant to 24 CFR §92.504(d).

(v) Records demonstrating the eligibility of each tenant household, including documentation showing income eligibility in accordance with 24 CFR 92.203 (for the HOME Units) and Section 1204 of the Agreement, verification that such household satisfied the priorities set forth in Section 1202.1 of the Agreement. Retained documentation shall include all source documentation collected by the Developer or the Property Manager, written eligibility determinations and documentation regarding any appeals of eligibility determinations.

(vi) Records indicating the designation of each Housing Unit as a HOME Unit.

(vii) With respect to the HOME Units, records demonstrating that Developer is in compliance with the City's written tenant selection policies and criteria of 24 CFR 92.209(c), including any targeting requirements, the rent reasonableness requirements of 24 CFR

**ATTACHMENT NO. 19
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

92.209(f), the maximum subsidy provisions of 24 CFR 92.209(h), and calculation of each Subsidy Payment.

(viii) Records demonstrating that each rental agreement or lease for tenant household occupying a Housing Unit complies with the tenant and participant protections of 24 CFR 92.253 (for the HOME Units) and the Agreement (for all Housing Units).

(ix) Records documenting compliance with Developer's marketing and outreach obligations under the Agreement, including compliance with the fair housing and equal opportunity components of the HOME program, HUD's Affirmative Fair Housing and Marketing regulations and the City's Affirmative Fair Housing Marketing Plan, when adopted.

(x) Records documenting compliance with the lead-based hazards requirements under the Agreement, the HOME Program, and 24 CFR Part 35, subparts A, B, J, K, M and R.

(xi) Financial records as required by 24 CFR §92.508(a)(5) and 24 CFR §84.21-28.

(xii) Records documenting the expenditures at the Project that may be eligible to be applied to the HOME Matching Requirement pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(xiii) The specific waiting list or person or entity from which tenant household referrals were received for each tenant household occupying a Housing Unit at the Project.

(xiv) Records demonstrating compliance by Developer, Contractor and each subcontractor with Section 3 and all applicable labor compliance requirements set forth in the Agreement or otherwise required by applicable law.

(b) **Retention.** The Developer shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years after the end of each Developer's fiscal year. Notwithstanding the above, if there are litigation matters, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then all pertinent records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

(c) **Client Data.** The Developer shall maintain data regarding each tenant household that rents and occupies a Housing Unit at the Project demonstrating eligibility under the Agreement. Such data shall include, but not be limited to, client name, address, income level, or other basis for determining eligibility, Housing Unit occupied and all written notices or other communications with the household, including any defaults under the applicable lease for nonpayment of rent or otherwise. Such information shall be made available to Authority monitors or their designees for review upon request.

ATTACHMENT NO. 19
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS

(d) **Disclosure.** The Developer understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Developer's responsibilities with respect to Developer's performance under this Agreement, is prohibited unless written consent is obtained from such person receiving housing or any services and, in the case of a minor, that of a responsible parent/guardian.

(e) **Close Outs.** The Developer's obligation to the City shall not end until all close-out requirements are completed. Activities during the close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Developer has control over HOME Funds, including program income.

(f) **Audits and Inspections.** In accordance with Section 203.3 of the Agreement, all Developer records with respect to any matters covered by this Agreement shall be made available to the City of Garden Grove, the Authority, HUD and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Developer within 30 days after receipt by the Developer. Failure of the Developer to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Developer hereby agrees to have an annual agency audit conducted in accordance with current Authority policy concerning Developer audits and OMB Circular A-122.

2. **Annual Reports.** Developer shall submit annual reports to the Authority in a form approved or directed by the Authority on or before each April 30, which shall include all of the following information regarding Developer's activities during the prior calendar:

(a) The number of tenant applications received, processed, approved and disapproved.

(b) The property inspection report for the Site, the Project and each Housing Unit therein and confirmation of compliance with the applicable property standards as set forth in the Agreement.

(c) Specific information regarding the number of and ages of all tenant household members, income categories, and Affordable Rent amounts for each Housing Unit and a description of each tenant household's participation in optional social services programs made available to tenant households at the Project or through Developer's social services provider. Documentation regarding the eligibility of each new tenant household to occupy a Housing Unit, in accordance with Section 1(a)(v) above.

(d) The designation of each Housing Unit as a HOME Unit.

**ATTACHMENT NO. 19
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

(e) The Affordable Rent charged for each Housing Unit and an explanation for the calculation of each such Affordable Rent.

(f) Budget reconciliation information (construction and/or operating budgets, as applicable), including year-to-date expenditures and remaining balance available for Operating Expenses, Debt Service and outstanding Construction Costs or Project costs (as applicable) in accordance with the Agreement.

(g) Number of vacant Housing Units and an explanation for any vacancies lasting over 60 days.

(h) Information regarding any complaints received from tenant households and any correspondence received from community members or organizations or other nonprofit organizations regarding the Project, the Site, or the Construction or operation of the Project or the Site.

(i) Documentation of expenditures at the Project that may be eligible to be applied to the HOME Matching Requirement pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(j) Evidence that Developer is maintaining a waiting list in accordance with Section 1202.1 of the Agreement.

3. Performance Monitoring.

(a) **Periodic Meetings.** Developer shall be available to attend meetings with Authority staff every two weeks during the Construction, to review the Construction progress and pending or upcoming draw requests on the HOME Loan and/or other funding sources for the Project. Following completion of Construction Developer shall be available upon request by Authority staff to review Developer's activities under the Agreement and to ensure the Project is operating in accordance with the Agreement and the HOME Program.

(b) **Authority Oversight and Review.** Authority will monitor the performance of the Developer against the goals and performance standards set forth in the Agreement. From time to time, Authority shall be entitled to audit and review Developer's performance under the Agreement and compliance with the Agreement and the HOME Program. Substandard performance as determined by the Authority will constitute noncompliance with the Agreement. If action to correct such substandard performance is not taken by the Developer within the applicable cure period set forth in the Agreement, such substandard performance will constitute a Default under the Agreement.

ATTACHMENT NO. 20

SECTION 3 PLAN

[Attached on Following Pages]

ATTACHMENT NO. 20

SECTION 3 PLAN

Page 1 of 1

ATTACHMENT NO. 21

**AFFORDABLE RENTAL HOUSING ANNUAL REPORT AND
FORM OF INCOME CERTIFICATION**

[Attached on Following Pages]

ATTACHMENT NO. 21

**AFFORDABLE RENTAL HOUSING ANNUAL REPORT AND
FORM OF INCOME CERTIFICATION**

Page 1 of 1

ATTACHMENT NO. 22

ADDITIONAL AUTHORITY LOAN NOTE
PROMISSORY NOTE SECURED BY DEED OF TRUST

\$1,600,000.00

Garden Grove, California

_____, 2015

FOR VALUE RECEIVED, **GARDEN GROVE HOUSING PARTNERS LP**, a California limited partnership ("Developer"), promises to pay to the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Authority"), at its offices at 11222 Acacia Parkway, Garden Grove, California 92840, or at such other place as Authority may from time to time designate in writing, (a) the principal sum of One Million Six Hundred Thousand Dollars (\$1,600,000) (or so much of the proceeds as have been disbursed by Authority to Developer for the Additional Authority Loan pursuant to the Agreement (defined below), but in no event to exceed \$1,600,000) ("Note Amount"); and (b) all costs and expenses payable hereunder.

RECITALS

A. This Additional Authority Loan Note, Promissory Note Secured By Deed of Trust ("Note") is made pursuant to that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) by and among Developer, City of Garden Grove ("City") and Authority, dated as of June 23, 2015 ("Agreement").

B. Capitalized terms used in this Note shall have the meaning set forth in the Agreement, unless expressly otherwise defined herein.

NOW, THEREFORE, for good valuable consideration, receipt of which is hereby acknowledged, Developer agrees as follows:

1. **Agreement.** The principal sums hereunder have been and are being loaned by Authority to Developer in accordance with and pursuant to the Agreement, which is a public record on file in the office of the City Clerk. The proceeds of the Additional Authority Loan shall be disbursed only to pay for the items and in accordance with the procedures set forth in the Agreement. The terms of the Agreement are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail.

a. *Cross Default.* A default by Developer under any of the provisions of the Agreement, the Additional Authority Loan Deed of Trust of even date herewith, or any of the other Project Documents or the Transaction Documents shall, after the expiration of any cure period under the respective agreement, be a default hereunder, and a default hereunder after the expiration of any applicable cure periods shall be a default under the Project Documents.

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The amount to be disbursed by the Authority to Developer as the Additional Authority Loan Amount shall be subject to diminution based upon the Authority Share of Cost Savings as provided under the Agreement.

2. **Interest.** Three percent simple interest (3%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) shall accrue on the Note Amount and all other amounts due under this Note (other than accrued interest), except as set forth in Section 8 hereof.

3. **Payment.** The Note Amount shall be paid by Developer's annual payment to Authority of an amount equal to the Authority's Share of Residual Receipts, all as determined by a Residual Receipts calculation from the operation of the Project for the preceding calendar year. In addition, Developer shall pay to Authority seventy-five percent (75%) of the Refinancing Net Proceeds immediately upon any refinancing of the Project (or any part thereof) and seventy-five percent (75%) of the Transfer Net Proceeds immediately upon any transfer in whole or in part of the Project; provided, however, that no Refinancing Net Proceeds will be payable hereunder as a result of the Conversion of the Primary Loan and assignment thereof to CCRC. Residual Receipts payments shall be made and delivered by Developer to Authority beginning April 30 in the year following the year in which the Conversion occurs, and annually thereafter throughout the term of this Note and continuing until the Note Amount and all accrued interest thereon and all other amounts owing to Authority hereunder have been repaid in full. In the event there are no Residual Receipts for the calendar year relating to such payment, no annual payment for such year shall be required hereunder; provided, however, in such event, such interest shall continue to accrue. Any remaining portion of the Note Amount, plus unpaid accrued interest, shall be due and payable in full on the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants is recorded for the Project. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth in Section 8 below.

a. *Definitions.*

"Annual Project Revenue" shall mean all gross income and all revenues of any kind from the Project in a calendar year, of whatever form or nature, whether direct or indirect, with the exception of the items excluded below, received by or paid to or for the account or benefit of Developer or any Affiliate of Developer or any of their agents or employees (provided, in no event shall amounts counted as Annual Project Revenue be double counted if paid by Developer to one or more of its Affiliates), from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by tenants of the Project under leases, and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from HUD (including Section 8 Program (Portable Voucher) payments by HUD) or any other person or organization, received on behalf of tenants under their leases, (ii) amounts paid to Developer or any Affiliate of Developer on account of Operating Expenses for further disbursement by Developer or such Affiliate to a third party or parties, including, without limitation, grants received to fund social services at the Project (to the extent such grants exceed the cost of providing such social services), (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to

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Developer in connection with the rental of office, retail, storage, or other space in the Project; (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of leases, and (vii) interest and other investment earnings on security deposits, reserve accounts and other Project accounts to the extent disbursed. Notwithstanding the foregoing, Annual Project Revenue shall not include the following items: (a) security deposits from tenants (except when applied by Developer to rent or other amounts owing by tenants); (b) capital contributions to Developer by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; (d) funds received from any source actually and directly used for acquisition of the Conforming Leasehold Interest in the Site and/or initial development of the Project; (e) proceeds of the approved Primary Loan; or (f) receipt by an Affiliate of management fees, grants received for social services, or other bona fide arms-length payments for reasonable and necessary Operating Expenses associated with the Project.

“Authority’s Share of Residual Receipts” shall mean fifty percent (50%) of Residual Receipts.

“Capital Replacement Reserve” shall mean a separate reserve fund account to be established and maintained by Developer equal to not less than Two Hundred Fifty Dollars (\$250) per year (increased annually by 3%) for each Housing Unit in the Project (i.e., forty-seven (47) units in the Project times \$250 equals Eleven Thousand Seven Hundred Fifty Dollars (\$11,750.00) per year for the Project), to be used as the primary resource to fund capital improvements and replacement improvements. The amount of \$250 for each Housing Unit that is set aside by Developer (or its Property Manager) shall be allocated from the gross rents received from the Site and deposited into a separate interest-bearing trust account for capital repairs and replacements to the improvements, fixtures and equipment at the Site that are normally capitalized under generally accepted accounting principles, including, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, and faucets; air conditioning and heating replacement; asphalt repair, replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Site and all common areas and common improvements in the manner prescribed herein. Pursuant to the procedure for submittal of each annual Operating Budget to Authority Director by Developer, Authority Director will evaluate the cumulative amount on deposit in the Capital Replacement Reserve account and exercise his sole, reasonable discretion to determine if existing balance(s) in, proposed deposits to, shortfalls, if any, and/or a cumulative unexpended/unencumbered account balance in such Capital Replacement Reserve account are adequate or in excess of the amount needed to provide for necessary capital repairs and improvement to the Site (provided that required annual deposits thereto are not required to exceed \$250/per Housing Unit, increased annually by 3%.) To the extent the Primary Lender and/or Tax Credit Investor requires Developer to maintain a reserve fund or account for any or all of the same purposes as the Capital Replacement Reserve, Authority will allow Developer to credit any funds actually reserved for any or all of the same purposes pursuant to the requirements of the Primary Lender

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and/or Tax Credit Investor against Developer's obligation to make deposits into the Capital Replacement Reserve.

"Capitalized Operating Reserve" shall mean the capitalized operating reserve for the Project, which shall be funded by Primary Loan proceeds and Tax Credit equity in the Target Amount as provided in Section 1212, estimated as of the Date of Agreement to be approximately One Hundred Twenty Seven Thousand Dollars (\$127,000) and equivalent to three (3) months of operating expenses, reserve payments, and required debt service. The Capitalized Operating Reserve shall thereafter be replenished from Annual Project Revenue if and to the extent required by the Primary Lender or Developer's Tax Credit Investor.

"CCRC" shall mean the California Community Reinvestment Corporation.

"Conforming Lease" shall mean that certain Ground Lease Agreement (United Methodist Church) to be entered into between UMC, as ground lessor/landlord, and Developer (or its Affiliate), as ground lessee/tenant, for ground lease of the Site, which includes at a minimum the following business terms: (1) the period of the ground lease, the "term", is sixty (60) years or more, (2) Developer, as ground lessee, has and maintains rights to the Leased Premises, as therein defined, sufficient to yield at least 55 years of occupancy conforming to the Regulatory Agreement, (3) permits use of the Site as provided under the HOME Agreement, (4) provides for payments to be made by Developer (or an Affiliate) to UMC, (5) provides to City and Authority express rights (in a form and content approved by the City Manager/Authority Director and legal counsel in their reasonable discretion) of notice(s) regarding event(s) of default, extended rights to cure event(s) of default, and rights equivalent to the ROFO.

"Conforming Leasehold Interest" or **"Conforming Leasehold Interest in the Site"** shall mean all interest of Developer under the Conforming Lease.

"Debt Service" shall mean payments made in a calendar year pursuant to the approved loans (including the Primary Loan and other approved financing) obtained for the acquisition of a Conforming Leasehold Interest, construction, ownership, and operation of the Project in accordance with the Agreement, but excluding payments made pursuant to the Additional Authority Loan Note, and further excluding payments on the HOME Loan Note, that are payable from Residual Receipts.

"Deferred Developer Fee" shall mean the portion of the Developer Fee, if any, to be paid from Project cash flow, as approved by Authority pursuant to Section 209 of the Agreement in the amount described in Section 209.1(d) of the Agreement, which amount as of the Date of Agreement is \$501,730.

"Developer's Share of Residual Receipts" shall mean fifty percent (50%) of Residual Receipts.

"Operating Budget" shall mean the annual operating budget for the Project that sets forth the projected Operating Expenses for the upcoming year that is submitted to and reviewed and approved by Authority Director in his reasonable discretion (and which may also be subject to review

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by Lender, if required by the Primary Loan documents.) The Operating Budget is further described in Section 1211 of the Agreement.

“Operating Expenses” shall mean actual, reasonable and customary (for comparable High Quality, multi-family rental housing developments in Orange County) costs, fees and expenses directly incurred and attributable to the operation, maintenance, and management of the Project in a calendar year, which are in accordance with the Operating Budget (or any amendments thereto) approved by Authority through the Authority Director pursuant to Section 1211 of the Agreement, and not a part or paid as a part of the Construction of the Site, including, without limitation, Debt Service; painting, cleaning, repairs, alterations, landscaping; utilities, refuse removal, certificates, permits and licenses, sewer charges, taxes, filing fees, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the Capital Replacement Reserve, fees and expenses of property management (not exceeding the Maximum Property Management Fee) and common area expenses, fees and expenses of accountants, attorneys and other professionals, the cost of social services in an amount equal to \$25,000 (subject to annual increases of 3%), and other actual, reasonable and customary operating costs which are directly incurred and paid by Developer, but which are not paid from reserve accounts, and provided however that any fees incurred or services provided by Developer or any Affiliate shall not exceed fair market fees or rates for goods or services that are customary and prevailing in the City for such fees, goods, or services. To the extent Developer’s only asset is the Project, Operating Expenses shall include actual, reasonable and customary costs, fees and expenses paid to unaffiliated third parties for the operation of Developer, including administrative, accounting and legal fees and expenses. Operating Expenses may include costs, fees or expenses paid to unaffiliated third parties that were not set forth in the approved Operating Budget to the extent such costs, fees or expenses were not foreseen at the time the applicable Operating Budget was created, but nonetheless were actual, reasonable and customary for comparable developments; provided, evidence of such expenses must be submitted to Authority Director for verification purposes prior to payment thereof (except in emergency situations, in which case evidence of such expenses must be submitted to Authority Director for verification purposes as soon as reasonably practicable).

The term “Operating Expenses” shall not include any of the following: (i) salaries of employees of Developer or Developer’s general overhead expenses, or expenses, costs and fees paid to an Affiliate of Developer, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms’ length transaction between unrelated parties in the City for the same work or services; (ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Developer, would be Operating Expenses; (iii) optional or elective payments with respect to any financing senior to the Additional Authority Loan unless approved by Authority which approval shall not be unreasonably withheld or delayed; (iv) any payments with respect to any Project-related loan or financing other than Debt Service; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Developer prior to completion of the Construction of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Developer in connection with the acquisition of the Conforming Leasehold Interest in the Site, all pre-development and pre-Construction activities conducted by Developer in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the Construction of the Project

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and any on-site or off-site work performed in connection therewith; (vi) depreciation, amortization, and accrued principal and interest expense on deferred payment debt; (vii) any Partnership Related Fees/Expenses to the extent they are not paid as capitalized expenses; (viii) other expenses not related to the operation, maintenance, or management of the Project; and (ix) ground rent paid under the Ground Lease.

“Partnership Agreement” shall mean the agreement which sets forth the terms of Developer’s limited partnership, as such agreement may be amended from time to time (so long as any and all amendments that materially affect the contribution of capital or the cash flow priorities are consistent with the Agreement and subject to prior submission to Authority Director for review and approval), which approval shall not be unreasonably withheld or delayed). The Partnership Agreement shall include provisions which incorporate, defer to or otherwise substantially conform to the cash flow priorities included in the definition of “Residual Receipts” set forth in the Agreement.

“Partnership Related Fees/Expenses” shall mean fees and expenses of the Developer entity (or partners or Affiliates thereof pursuant to the Partnership Agreement) actually incurred, which are reasonable and customary to developer/owner entities (other than Developer Fees) for similar projects in Southern California, and may include, but shall not exceed:

(i) a general partner asset management fee payable to the general partner(s) not to exceed Fifteen Thousand Dollars (\$15,000) per year, increased annually by 3%; and

(ii) a limited partner administrative fee payable to the Tax Credit Investor not to exceed Ten Thousand Dollar (\$10,000) per year, increased annually by 3%.

In no event shall the fees for (i) and (ii) above cumulatively exceed Twenty-Five Thousand Dollars (\$25,000) in any one year (increased annually by 3%). In the event insufficient Annual Project Revenues exist to provide for payment of all or part of the specific Partnership Related Fees/Expenses listed above, no interest shall accrue on the unpaid portions of such Partnership Related Fees/Expenses, but the unpaid balance will be added to the Partnership Related Fees/Expenses due in the following year. In the event that the State (or HUD) were to disallow, or cap, or reduce the 3% escalation of the Partnership Related Fees/Expenses in connection with its/their review or actions relating to the federal and state funding sources hereunder, then Developer acknowledges and agrees that such cap, limitation or reduction will also apply to the definition of “Partnership Related Fees/Expenses” under this Note and the Agreement.

“Portable Voucher” or ***“Section 8 Program”*** shall mean Section 8 tenant-based vouchers, certificates of family participation under 24 CFR part 882 (Rental Certificate Program), rental vouchers under 24 CFR part 887 (Rental Voucher Program), and comparable documents evidencing participation in a program pursuant to the HOME Investment Partnership Act, 42 U.S.C. §12701, et seq. and the implementing regulations located at 24 CFR part 92, as such now exist and as may hereafter be amended, or other tenant-based rental assistance programs.

“Project Documents” shall mean the following documents evidencing the HOME Loan and required as consideration for Authority to make the HOME Loan and provide the Additional Authority Loan and for the City to make the City DA Fee Deferral Loan: (i) the Agreement, (ii) the HOME Note; (iii) the HOME Loan Deed of Trust; (iv) the Regulatory

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Agreement; (v) the Security Agreement (UCC-1 Financing Statement); (vi) the Request for Notice of Default; (vii) this Note; (viii) the Additional Authority Loan Deed of Trust; (ix) the City DA Fee Deferral Loan Note; (x) the City DA Fee Deferral Loan Deed of Trust; and (xi) any other agreement, document, or instrument that Authority may reasonably require Developer to execute in connection with the execution of the Agreement or the provision of the Additional Authority Loan to Developer or otherwise, from time to time, to effectuate the purposes of and to implement the Agreement.

“Refinancing Net Proceeds” shall mean the proceeds of any approved refinancing of any of the Primary Loans or other approved financing secured by the Site, net of: (i) the amount of the financing which is satisfied out of such proceeds; (ii) reasonable and customary costs and expenses incurred in connection with the refinancing; (iii) the balance, if any, of the Deferred Developer Fee; (iv) the balance of permitted or authorized loans to the Project made by the partners of Developer for development or operating deficits (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing propriety of such loans), amounts expended to maintain compliance with the Tax Credit Regulatory Agreement, or permitted contributions for capital expenditures in excess of available Project revenues, if any, including interest at the Applicable Federal Rate (as approved by Authority, after review and verification by Authority Director of documentation provided by Developer showing propriety of such loans); (v) the return of capital contributions, if any, to the Project made by Developer that were used to pay the Deferred Developer Fee; (vi) payment of unpaid Tax Credit adjustment amounts or reimbursement of Tax Credit adjustment amounts paid by the administrative and/or managing general partners and/or the guarantors to the Project pursuant to the approved Partnership Agreement, if any; (vii) the payment to the administrative general partner of Developer’s limited partnership entity of a refinancing fee, as set forth in the Partnership Agreement, which fee shall not exceed six percent (6%) of the amount of the approved refinancing; (viii) any unpaid Operating Expenses; (ix) the amount of proceeds required to be reserved for the Construction of the Project; (x) the amount of proceeds required for necessary repairs or rehabilitation to the Project as reasonably approved by the Authority Director; (xi) the amount of proceeds necessary to satisfy the City DA Fee Deferral Loan Note; and (xii) the payment of any unpaid Partnership Related Fees/Expenses.

“Residual Receipts” shall mean Annual Project Revenue less the sum of:

- (i) Operating Expenses;
- (ii) Debt Service;
- (iii) Reserve Deposits to the Capital Replacement Reserve;
- (iv) Reserve Deposits to the Capitalized Operating Reserve;
- (v) Partnership Related Fees/Expenses;
- (vi) payment of unpaid Tax Credit adjustment amounts or reimbursement of Tax Credit adjustment amounts paid by the administrative and/or managing general partners and/or the guarantors to the Project pursuant to the approved Partnership Agreement, if any (after review and verification by Authority Director of documents provided by Developer showing propriety of such amounts and payments);

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(vii) repayment of loans, if any, made by the limited partner(s) of Developer's limited partnership entity, including interest as set forth in the Partnership Agreement;

(viii) Deferred Developer Fee for the Project which remains unpaid, if any, including interest at the Applicable Federal Rate; and

(ix) repayment of outstanding development and operating loans and/or contributions for capital expenses for which no Project revenues are available, if any, made by the administrative and/or managing general partners and/or the guarantors to the Project, including interest at the Applicable Federal Rate (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans).

Developer's annual loan payments on the Additional Authority Loan shall be paid by Developer to Authority under the Additional Authority Loan Note and shall include:

The Authority's Share of Residual Receipts received from operation of the Project shall be paid to Authority on an annual basis until payment in full of the Additional Authority Loan. The Developer's Share of Residual Receipts received from the operation of the Project shall be retained by Developer or used by Developer to pay any fees or charges not specifically deducted from Annual Project Revenues above.

In the event any calculation of Annual Project Revenue less subsections (i) through (ix) inclusive above results in a negative number, then Residual Receipts shall be zero (\$0) for that year.

In addition, none of the fees, costs, expenses, or items described above in calculation of Residual Receipts shall include any duplicate entry/item, or double accounting for a cost item. For example, an audit fee incurred by Developer (or any partner of Developer or an Affiliate) and deducted or included above in category/subsection (i) Operating Expenses shall not also be deducted or included in category/subsection (v) Partnership Related Fees in the calculation of Residual Receipts.

"Transaction Documents" shall mean all Project Documents and any and all financing documents in connection with the Primary Loan or other financing sources for the Project.

"Transfer Net Proceeds" shall mean the proceeds of any transfer, in whole or in part, of Developer's interest in the Site or any sale, assignment, sublease, or other transfer, in whole or in part of Developer's interests in the Site, net only of (i) the reasonable and customary costs and expenses incurred in connection with such transfer; (ii) the amount of the financing which is satisfied out of such proceeds, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of permitted or authorized loans to the Project made by the limited partners of Developer for development or operating deficits (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing propriety of such loans), including interest thereon as provided in the Partnership Agreement (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans), (v) the balance, if any, of operating loans or development loans made by the general partners of Developer, including interest thereon as provided in the Partnership Agreement

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(as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans), (vi) the return of capital contributions, if any, to the Project made by the general partners of Developer that were used to pay the Deferred Developer Fee (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such contributions), (vii) payment of any unpaid Partnership Related Fees/Expenses, and (viii) the payment of any unpaid Operating Expenses.

b. *Calculation of Residual Receipts.* Residual Receipts shall be determined on the basis of the Annual Financial Statement and the Residual Receipts Report submitted to Authority by Developer pursuant to the Agreement.

“*UMC*” shall mean the United Methodist Church of Garden Grove, a California corporation, the current owner of the Site, as referenced in Recital C, and the ground lessor/landlord under the Ground Lease.

4. Form of Payments. All amounts due hereunder are payable in immediately available funds and lawful monies of the United States of America.

5. Application of Payments. All payments shall be applied (i) first, to costs and fees owing hereunder, (ii) second, to the payment of unpaid accrued interest owing hereunder for each calendar year in which no payment was made by Developer pursuant to Section 3 hereof, (iii) third, to the payment of accrued interest for the preceding calendar year, and (iv) fourth, to the payment of principal.

6. Prepayment. At any time, Developer may prepay in whole or in part the outstanding principal balance under this Note, together with all accrued interest, if any, and unpaid fees, costs and expenses, if any, payable hereunder, without penalty or premium. In the event of prepayment by Developer, the Regulatory Agreement, in particular the covenants with respect to affordable housing for 50% AMI Very Low Income Households and 59% AMI Low Income Households as set forth in the Agreement and the Regulatory Agreement, shall remain intact, and shall be unaffected by the prepayment of this Note by Developer.

7. Security. This Note and all amounts payable hereunder are secured by the Additional Authority Loan Deed of Trust, a second trust deed, of even date herewith (“Deed of Trust”), executed by Developer in favor of Authority and recorded against the Site in the Official Records of Orange County, which Deed of Trust shall only be subordinate to a deed of trust securing the repayment of the Primary Loan and such other encumbrances reasonably approved by Authority in writing. The terms of the Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. A default under any of the provisions of the Deed of Trust shall be a default hereunder, and a default hereunder shall be a default under the Deed of Trust.

8. Acceleration and Other Remedies. If elected by Authority pursuant to the following sentence, the entire balance due under this Note shall be paid to Authority upon the earlier of any of the following (each, a “Default”): (i) the uncured default of Developer under the Project Documents, this Note, or the Deed of Trust, in each case, after delivery of notice and expiration of

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the applicable cure period provided in the respective agreement; or (ii) the sale, lease or other transfer or conveyance (other than the permitted rentals and conveyances under the Agreement) of all or any part of the Project, or any interest therein (individually or collectively a "Transfer"), without the prior written consent of Authority in accordance with the Agreement, in each case, after delivery of notice and expiration of the applicable cure period provided in the applicable Project Document. Upon the occurrence and during the continuance of a Default, Authority may, at Authority's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Authority shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as Authority may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of Authority in exercising any right hereunder, under the Agreement, the Project Documents or under the Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement, the Project Documents, the Deed of Trust or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Authority's right to either require prompt payment when due of all other sums payable hereunder or to declare a Default for failure to make prompt or complete payment. In addition, upon any Default, the Note Amount and all outstanding amounts due under this Note shall accrue interest at the default rate of ten percent (10%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) ("Alternate Rate").

9. **Waivers.** Except to the extent notice is required under any of the Project Documents, Developer and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to any and all property securing this Note, and the benefit of any exemption under any homestead exemption laws, if applicable. Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at Authority's sole discretion and that Authority may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer. No extension of time for payment of this Note made by agreement by Authority with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part. The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever. No previous waiver and no failure or delay by Authority in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

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10. **Consents.** Developer and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more, and subject to the terms and provisions of the Agreement relating to modification, extension, and/or amendment) of the terms of the Agreement as such terms relate to this Note or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof to the extent requested or approved by Developer, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Except as otherwise set forth above, any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

11. **Successors and Assigns.** Whenever "Authority" is referred to in this Note, such reference shall be deemed to include the Garden Grove Housing Authority, and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of Authority and Authority's successors and assigns. Authority may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of Developer. Whenever "Developer" is referred to in this Note, such reference shall be deemed to include Garden Grove Housing Partners LP and its approved successors and assigns, including, without limitation, any approved subsequent assignee or obligor of this Note, if such approval is given in accordance with the Agreement. In no event shall Developer assign or transfer any portion of this note without the prior express written consent of Authority, except as permitted in the Agreement.

12. **Usury.** It is the intention of Developer and Authority to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

- (a) the provisions of this paragraph shall govern and control;
- (b) neither Developer nor Developer's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;
- (c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by Authority or, if this Note shall have been paid in full, refunded to Developer; and

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(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to Authority for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that Authority may from time to time charge Developer, and under which Developer would have no claim or defense of usury under the Interest Law.

13. Costs of Enforcement. Developer agrees to pay upon demand all reasonable costs and expenses, including attorneys' fees, expert witness fees, and costs of suit (including appeals), incurred by Authority to enforce the terms hereof. In addition to the foregoing award of attorneys' fees, Authority shall be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

14. Miscellaneous. Time is of the essence hereof. If this Note is now, or hereafter shall be, signed by more than one party or person, it shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns. This Note shall be governed by and construed under the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Orange or the United States District Court of the Central District of California, as Authority hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue to the extent such action is filed in the above-referenced courts. In the event of a conflict between the provisions of this Note and the Agreement, this Note shall control.

15. Non-Recourse Obligation. In the event of any Default under the terms of the Agreement or any of the other Project Documents, the sole recourse of Authority for any such Default shall be Developer's interest in the Site and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under the Agreement; provided, however, that the foregoing shall not in any way affect any rights Authority may have hereunder, or any right of Authority to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Authority as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by Authority in connection therewith (including without limitation reasonable attorneys' fees and costs).

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IN WITNESS WHEREOF, the parties hereto have caused this Additional Authority Loan Note, Promissory Note Secured by Deed of Trust to be executed on the date first set forth above.

Developer:

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

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Recording Requested By and
When Recorded Mail To:

**Garden Grove Housing Authority
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Authority Director**

(Space above for Recorder's use.)

(This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.)

LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS

This **LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS** ("Deed of Trust"), dated as of _____, 2015, is executed by **GARDEN GROVE HOUSING PARTNERS LP**, a California limited partnership ("Trustor"), as trustor, whose address is 17701 Cowan Avenue, Suite 200, Irvine, California 92614, in favor of **FIRST AMERICAN TITLE INSURANCE COMPANY** ("Trustee"), as trustee, for the benefit of the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Beneficiary"), as beneficiary, whose address is 11222 Acacia Parkway, Garden Grove, California 92840, Attention: Authority Director. Each capitalized term used herein and not otherwise defined herein shall have the meaning given such term in the "Agreement" (as defined in Section 2.1(b), below).

ARTICLE I

GRANT OF SECURITY

1.1 Grant of Security. FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt and adequacy of which are hereby acknowledged, Trustor hereby irrevocably grants, transfers and assigns to Trustee, IN TRUST, WITH POWER OF SALE, AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary, all rights, titles, interests, estates, powers and privileges that Trustor now has or may hereafter acquire in or to the following property and interests therein (collectively, the "Site"):

(a) That certain real property ("Land" or "Site") in the City of Garden Grove, County of Orange, State of California, more particularly described on Exhibit "A" attached hereto;

(b) All buildings and other improvements now or hereafter located on the Land, including, but not limited to, the Fixtures (as defined below) and any and all other equipment,

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machinery, appliances and other articles attached to such buildings and other improvements (collectively, the "Improvements");

(c) All fixtures (collectively, the "Fixtures") now or hereafter located on, attached to, installed in or used in connection with the Land and the Improvements, including all awnings, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing machinery and equipment, water tanks, heating, ventilating, air conditioning and air cooling machinery and equipment, gas and electric machinery and equipment, and other equipment, machinery and appliances and other fixtures of every kind and nature;

(d) All rights, rights-of-way, easements, licenses, profits, privileges, tenements, hereditaments and appurtenances now owned or hereafter acquired by Trustor and used in connection with the Land and the Improvements or as a means of access to either or both;

(e) All of Trustor's right, title and interest now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Land, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Land and Improvements;

(f) All oil, gas and other mineral rights in or relating to the Land, and all royalty, leasehold and other rights of Trustor in or relating thereto;

(g) All water, water rights and riparian rights (including, without limitation, shares of stock evidencing the same) in or relating to the Land;

(h) All leases and subleases relating to all or any part of the Land and the Improvements or any interest therein, now or hereafter existing or entered into, including all deposits, advance rentals and other payments of a similar nature but not including the Rents, as defined and separately assigned in Article 4;

(i) All options to purchase or lease all or any part of the Land or Improvements or any interest therein (and any greater estate in the Land or Improvements now owned or hereafter acquired pursuant thereto);

(j) All other estates, easements, licenses, interests, rights, titles, claims or demands, both in law and in equity, which Trustor now has or may hereafter acquire in the Land and the Improvements, including, without limitation, (1) any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of all or any part of the Site, including any award resulting from a change of grade of streets and any award for severance damages, and (2) any and all proceeds of any insurance covering the Site.

ARTICLE II

SECURED OBLIGATIONS

2.1 Secured Obligations. This Deed of Trust, and the lien created hereby, is made for the purpose of securing the following obligations (collectively, the "Secured Obligations"):

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(a) the payment and performance by Trustor of all indebtedness and other obligations evidenced by that certain Additional Authority Loan Note, Promissory Note Secured by Deed of Trust (“Note”) dated of even date herewith, made by Trustor to the order of Beneficiary, in the original principal amount of One Million Six Hundred Thousand Dollars (\$1,600,000), together with interest on such indebtedness and costs of enforcement according to the terms of the Note, and payment of the Authority Share of Cost Savings;

(b) the payment and performance of all indebtedness and each and every promise, agreement, covenant, and obligation of Trustor to Beneficiary contained in (i) that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) (“Agreement”), dated as of June ___, 2015, between Beneficiary and Trustor, (ii) that certain Regulatory Agreement with Right of First Offer (“Regulatory Agreement”) dated concurrently herewith, by and between Beneficiary and Trustor and recorded against the Site in the Official Records of Orange County, and (iii) this Deed of Trust and the other “Project Documents” (as defined in the Agreement), whether or not the total amount thereof may exceed the face amount of the Note, shall be secured hereby to the same extent as though said Agreement, Regulatory Agreement, and Project Documents were fully incorporated in this Deed of Trust;

(c) the payment and performance of all indebtedness and other obligations of Trustor to Beneficiary, or its successors or assigns, when such indebtedness and obligations are contained in a document which recites that the obligations thereunder are secured by this Deed of Trust;

(d) the payment by Trustor of all amounts advanced by or on behalf of Beneficiary or Trustee to improve, protect or preserve the Site or the security of this Deed of Trust, with interest thereon as provided herein; and

(e) the payment and performance of all amendments, modifications, extensions, renewals and replacements of or for any of the foregoing (including, without limitation, (i) amendments or modifications of the required principal payment dates or interest payment dates, or both, as the case may be, accelerating or deferring such interest payment dates in whole or in part, or (ii) amendments, modifications, extensions or renewals at a different rate of interest), whether or not any such amendment, modification, extension, renewal or replacement is evidenced by a new or additional promissory note or other document.

ARTICLE III

COVENANTS

3.1 Payment of Secured Obligations. Trustor shall pay and perform the Secured Obligations when due.

3.2 Maintenance, Repair, Alterations. Trustor shall maintain and preserve the Site in good condition and repair; Trustor, except upon the prior written consent of Beneficiary, shall not remove, demolish or materially alter any of the Improvements, other than to make repairs in the ordinary course of business of a non-structural nature which serve to preserve or increase the value of the Site; Trustor shall complete promptly and in a good and workmanlike manner any Improvement which may be now or hereafter constructed on the Land, shall promptly restore in like manner any

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Improvement which may be damaged or destroyed thereon from any cause whatsoever, and shall pay when due all claims for labor performed and materials furnished therefor; Trustor shall comply with all laws, ordinances, rules, regulations, orders, covenants, conditions, restrictions and "Permitted Encumbrances" (as hereinafter defined) now or hereafter affecting the Site, or any part thereof, or the conduct or operation of Trustor's business; Trustor shall not commit, suffer or permit any act to be done in, upon or to all or any part of the Site in violation of any such laws, ordinances, rules, regulations, orders, covenants, conditions or Permitted Encumbrances now or hereafter affecting the Site; Trustor shall not commit or permit any waste or deterioration of the Site, and shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; Trustor shall not take (nor fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting the Site or which otherwise would impair the security of Beneficiary in the Site; Trustor shall comply with the provisions of all leases, if any, constituting a portion of the Site; Trustor shall not abandon the Site or any portion thereof or leave the Site unprotected, unguarded, vacant or deserted; Trustor shall not initiate, join in or consent to any change in any zoning ordinance, general plan, specific plan, private restrictive covenant or other public or private restriction limiting the uses which may be made of the Site by Trustor or by the owner thereof without the prior written consent of Beneficiary; Trustor shall secure and maintain in full force and effect all permits necessary for the use, occupancy and operation of the Site; except as otherwise prohibited or restricted by the Project Documents, or any of them, Trustor shall do any and all other acts which may be reasonably necessary to protect or preserve the value of the Site and the rights of Trustee and Beneficiary with respect thereto.

3.3 Insurance. Trustor shall at all times maintain in full force and effect, at Trustor's sole cost and expense, policies of insurance in form, substance, amounts and with companies as required by the Agreement. In the event of any damage or destruction to the Site, all insurance proceeds shall be applied in accordance with the terms and provisions of the Agreement or, in the absence thereof, as required by law.

3.4 Condemnation and Other Awards. Upon learning of the condemnation or other taking for public or quasi-public use of, or of the institution or the threatened institution of any proceeding for the condemnation or other taking for public or quasi-public use of, all or any part of the Site, Trustor shall promptly notify Beneficiary and Trustee of such fact. Subject to the requirements under senior loan documents, Trustor shall take all actions reasonably required by Beneficiary or Trustee in connection therewith to defend (using counsel reasonably acceptable to Beneficiary) and protect the interests of Trustor, Beneficiary and/or Trustee in the Site. At Beneficiary's option, Beneficiary or Trustor may be the nominal party in such proceeding but in any event Beneficiary shall be entitled, without regard to the adequacy of its security, to participate in and to control its own defense and any settlement affecting the Beneficiary's interest in the Site and to be represented therein by counsel of its choice. Subject to the requirements under senior loan documents, Trustor hereby assigns to Beneficiary, as security for the Secured Obligations, all compensation, awards, damages and other amounts payable to Trustor in connection with any condemnation or other taking of all or any part of the Site for public or semi-public use (including, but not limited to, the proceeds of any settlement, regardless of whether or not condemnation or other taking proceedings are instituted in connection therewith). Upon receipt, subject to the requirements under senior loan documents, Trustor shall immediately deliver all such compensation, awards, damages and other amounts to Beneficiary. All such proceeds shall first be applied to reimburse Beneficiary and Trustee for all costs and expenses, including reasonable attorneys' fees, incurred in connection with the collection of such award or settlement. The balance of such award or settlement

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shall be applied as required by law. Application or release of such proceeds as provided herein shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3.5 Taxes and Impositions. After Trustor's acquisition of the Conforming Leasehold Interest from UMC, Trustor shall be responsible to and shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the "Impositions"): (i) all general and special real property taxes and assessments imposed on the Site; and (ii) all other taxes and assessments and charges of every kind that are assessed upon the Site and that create or may create a lien upon the Site (or upon any personal property or fixtures used in connection with the Site), including nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions. If permitted by law, Trustor may pay any Imposition in installments (together with any accrued interest).

(a) Right to Contest. Trustor shall not be required to pay any Imposition so long as (a) the validity of such Imposition is being actively contested in good faith and by appropriate proceedings, and (b) either (i) Trustor has demonstrated to Beneficiary's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of any parcel in satisfaction of such Imposition or otherwise impair Beneficiary's interests under the Project Documents, or (ii) Trustor has furnished Beneficiary with a bond or other security satisfactory to Beneficiary in an amount not less than 120% of the applicable claim (including interest and penalties).

(b) Evidence of Payment. Upon demand by the Beneficiary from time to time, Trustor shall deliver to the Beneficiary within thirty (30) days following the due date of any Imposition, evidence of payment of said Imposition reasonably satisfactory to the Beneficiary, unless Trustor is contesting the imposition in conformity with Section 3.5(a). In addition, upon demand by Beneficiary from time to time, Trustor shall furnish to Beneficiary a tax reporting service for the Site of a type and duration, and with a company, reasonably satisfactory to Beneficiary.

3.6 Utilities. Except to the extent paid directly by tenants, Trustor shall promptly pay all gas, electricity, water, sewer and other utility charges which are incurred for the benefit of the Site or which may become a lien against the Site and all other assessments and other charges of a similar nature, public or private, relating to the Site or any portion thereof, regardless of whether or not any such charge is or may become a lien thereon.

3.7 Liens. Trustor shall not cause, incur, suffer or permit to exist or become effective any lien, encumbrance or charge upon all or any part of the Site or any interest therein. Trustor shall pay and promptly discharge, at Trustor's sole cost and expense, all liens, encumbrances and charges upon all or any part of the Site or any interest therein, or contest such claim in conformity with Sections 1001.1 and 1102 of the Agreement. If Trustor shall fail to remove and discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, without notice to or demand on Trustor, and without inquiring into the validity of such lien, encumbrance or charge or the existence of any defense or offset thereto, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or in any other manner permitted or required by law. Subject to the rights of Trustor pursuant to Sections 1001.1 and 1102 of the Agreement, the Trustor

shall, within twenty (20) days after demand therefor by Beneficiary (together with sufficient evidence substantiating such expenditures by Beneficiary), pay to Beneficiary an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right to discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure until paid at the "Alternate Rate" (as defined in the Note).

3.8 Sale or Lease of Site. Except as otherwise permitted under the Agreement, Trustor shall not sell, lease or otherwise transfer all or any part of the Site or any interest therein without the prior written consent of Beneficiary.

3.9 Inspections. Beneficiary, Trustee and their respective agents, representatives and employees, are each authorized, upon notice reasonable under the circumstances (which may be written or oral), to enter at any time upon any part of the Site during normal business hours for the purpose of inspecting the same and for the purpose of performing any of the work Beneficiary and/or Trustee are authorized to perform hereunder or under the terms of any of the Project Documents. Such entry by the Beneficiary shall be upon 48-hours' prior notice, and shall be undertaken at Beneficiary's expense, with Beneficiary holding harmless the Trustor from any claims or injuries which occur in connection with the exercise of the Beneficiary's rights pursuant to this Section 3.9. The rights of Beneficiary to enter and inspect pursuant to this Section 3.9 are in addition to and do not limit Authority's rights to conduct building inspections.

3.10 Defense of Actions. Trustor, at no cost or expense to Beneficiary or Trustee, shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, any of the other Project Documents, all or any part of the Site or any interest therein, any additional or other security for the obligations secured hereby, or the interests, rights, powers or duties of Beneficiary or Trustee hereunder, provided that Trustee or Beneficiary shall have first tendered the defense to Trustor. If Beneficiary or Trustee elects to become a party to such action or proceeding, or is made a party thereto, Trustor shall indemnify, defend and hold Trustee and Beneficiary harmless from all liability, damage, cost and expense incurred by Trustee and Beneficiary, or either of them, by reason of such action or proceeding (including, without limitation, reasonable attorneys' fees and expenses), whether or not such action or proceeding is prosecuted to judgment or decision.

3.11 Protection of Security. If Trustor fails to make any payment or to do any act as and in the manner provided in this Deed of Trust or any of the other Project Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do, without further notice or demand, and without releasing Trustor from any obligation, may make or do the same in such manner and to such extent as either may reasonably deem necessary to protect the security of this Deed of Trust. In connection therewith (without limiting their general powers), Beneficiary and Trustee shall each have and are hereby given the right, but not the obligation and subject to the terms and conditions set forth herein: (i) to enter upon and take possession of the Site; (ii) to make additions, alterations, repairs and improvements to the Site which in the judgment of either may be necessary or proper to keep the Site in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of this Deed of Trust or may be, or to appear to be, prior or superior hereto; and (v) in exercising such powers, to pay all necessary or appropriate costs and expenses and employ necessary or desirable consultants.

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3.12 Beneficiary's Powers. Without affecting the liability of Trustor or any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Site not then or theretofore released as security for the full amount of all Secured Obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation (provided, however, that the consent of Trustor shall be required with respect to the extension or alteration of any unpaid obligation of Trustor to Beneficiary), (iii) waive any provision contained herein or grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, a portion or all of the Site, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto. By accepting payment or performance of any obligation secured by this Deed of Trust after the payment or performance thereof is due or after the filing of a notice of default and election to sell, Beneficiary shall not have thereby waived its right to require prompt payment and performance, when due, of all other obligations secured hereby, or to declare a default for failure so to pay or perform, or to proceed with the sale under any notice of default and election to sell theretofore given by Beneficiary, or with respect to any unpaid balance of the indebtedness secured hereby. The acceptance by Beneficiary of any sum in an amount less than the sum then due shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due.

3.13 Costs, Fees and Expenses. Upon the occurrence of a Default, Trustor shall pay, on demand, all costs, fees, expenses, advances, charges, losses and liabilities paid or incurred by Beneficiary and/or Trustee under or in connection with this Deed of Trust, the enforcement of this Deed of Trust, the collection of the Secured Obligations, and/or the exercise of any right, power, privilege or remedy given Beneficiary and/or Trustee under this Deed of Trust, including, (a) foreclosure fees, trustee's fees and expenses, receiver's fees and expenses and trustee's sale guaranty premiums, (b) costs and expenses paid or incurred by Beneficiary and/or Trustee and/or any receiver appointed under this Deed of Trust in connection with the operation, maintenance, management, protection, preservation, collection, sale or other liquidation of the Site, (c) advances made by Beneficiary and/or Trustee to complete or partially construct all or any part of any improvements which may have been commenced on the Land or otherwise to protect the security of this Deed of Trust, (d) costs of evidence of title, costs of surveys and costs of appraisals, and (e) the fees, costs and expenses of attorneys, accountants and other consultants; together with interest thereon from the date of expenditure until so paid at the Alternate Rate.

ARTICLE IV

ASSIGNMENT OF RENTS, ISSUES AND PROFITS

4.1 Assignment of Rents, Issues and Profits. While this Deed of Trust is outstanding, Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary all of its right, title and interest in and to all rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Site (collectively, the "Rents"), and hereby gives to and confers upon Beneficiary the right, power and authority to collect such Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in its name or in the name of Trustor, for all Rents, and to apply the same to the obligations secured hereby; provided, however, that Trustor shall have a license to collect Rents (but not more than one

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month in advance unless the written approval of Beneficiary has first been obtained, which approval shall not be unreasonably withheld or delayed), and to retain and enjoy the same, so long as a Default shall not have occurred hereunder and be continuing. The assignment of the Rents in this Article 4 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

4.2 Collection Upon Default. Upon the occurrence and during the continuance of a Default hereunder, Trustor's license to collect the Rents shall automatically terminate and Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the obligations hereby secured, enter upon and take possession of the Site, or any part thereof, and, with or without taking possession of the Site or any part thereof, in its own name sue for or otherwise collect such Rents (including those past due and unpaid, and all prepaid Rents and all other monies which may have been or may hereafter be deposited with Trustor by any lessee or tenant of Trustor to secure the payment of any Rent or for any services thereafter to be rendered by Trustor or any other obligation of any tenant to Trustor arising under any lease, and Trustor agrees that, upon the occurrence of any Default hereunder, Trustor shall promptly deliver all Rents and other monies to Beneficiary), and Beneficiary may apply the same, less costs and expenses of operation and collection, including, without limitation, attorneys' fees, whether or not suit is brought or prosecuted to judgment, upon any indebtedness or obligation of Trustor secured hereby, and in such order as Beneficiary may determine notwithstanding that said indebtedness or the performance of said obligation may not then be due. The collection of Rents, or the entering upon and taking possession of the Site, or the application of Rents as provided above, shall not cure or waive any default or notice of default hereunder or invalidate any act performed in response to such default or pursuant to such notice of default or be deemed or construed to make Beneficiary a mortgagee-in-possession of all or any part of the Site.

ARTICLE V

REMEDIES UPON DEFAULT

5.1 Events of Default. The occurrence of any of the following events or conditions shall, subject to the cure rights set forth in the Agreement, constitute an event of default ("Default") hereunder:

5.1.1 Trustor shall fail to pay any amount owing under this Deed of Trust when due, and such failure is not cured within ten (10) days after Beneficiary gives Trustor notice of such failure;

5.1.2 Trustor shall fail to observe or perform any other obligation contained in this Deed of Trust, and such failure is not cured within thirty (30) days after Beneficiary gives Trustor notice of such failure; provided that, if cure cannot reasonably be effected within such 30-day period, such failure shall not be a Default so long as Borrower promptly (in any event, within thirty (30) days after receipt of such notice) commences cure, and thereafter diligently prosecutes such cure to completion;

5.1.3 The occurrence of a "Default" under the Agreement, the Regulatory Agreement, the Note, or other Project Documents;

ATTACHMENT NO. 23 ADDITIONAL AUTHORITY LOAN LEASEHOLD DEED OF TRUST

5.1.4 A default under any other document or agreement secured hereby, subject to any applicable cure period; or

5.1.5 Authority exercises Authority's right to cure a default by Developer under the Primary Loan or other financing senior to the Additional Authority Loan and Developer does not reimburse Authority for the cost to cure such default within ten (10) days following written demand for payment from Authority.

5.2 Acceleration Upon Default; Additional Remedies. Upon the occurrence and during the continuance of a Default, Beneficiary may, at its option, terminate its obligations under the Project Documents and declare all Secured Obligations to be immediately due and payable without any presentment, demand, protest or further notice of any kind; and whether or not Beneficiary exercises said option, Beneficiary may:

5.2.1 Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Site, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to complete the construction of the Improvements on the Land, to preserve the value, marketability or rentability of the Site, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Site, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any Secured Obligations, all in such order as Beneficiary may determine. The entering upon and taking possession of the Site, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession by Trustee, Beneficiary or a receiver of all or any portion of the Site or the collection, receipt and application of any of the Rents, the Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Project Documents or by law upon occurrence of any Default, including the right to exercise the power of sale;

5.2.2 Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants contained herein;

5.2.3 Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Site to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Site are located;

5.2.4 Exercise any and/or all of the rights and remedies available to a secured party under the California Uniform Commercial Code in such order and in such manner as Beneficiary, in its sole discretion, may determine (including, without limitation, requiring Trustor to assemble the collateral and make the collateral available to Beneficiary at a reasonably convenient location); provided, however, that the expenses of retaking, holding, preparing for sale or the like as provided thereunder shall include reasonable attorneys' fees and other expenses of Beneficiary and Trustee and shall be additionally secured by this Deed of Trust; and/or

5.2.5 Exercise all other rights and remedies provided herein, in any Project Document or other document or agreement now or hereafter securing all or any portion of the obligations secured hereby, or provided by law or in equity.

5.3 Foreclosure By Power of Sale.

5.3.1 Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

5.3.2 Upon receipt of notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as is then required by law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Site at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items and in such order as Beneficiary may direct Trustee so to do, at public auction to the highest bidder for cash in lawful money of the United States of America payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matter or fact shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

5.3.3 After deducting all fees, costs and expenses incurred by Beneficiary or Trustee in connection with such sale, including costs of evidence of title, Beneficiary shall apply the proceeds of sale in the following priority, to payment of (i) first, all amounts expended under the terms hereof, not then repaid, with accrued interest at the Alternate Rate; (ii) second, all other Secured Obligations; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

5.3.4 Subject to applicable law, Trustee may postpone the sale of all or any portion of the Site by public announcement at the time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

5.3.5 A sale of less than the whole of the Site or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein; and subsequent sales may be made hereunder until all obligations secured hereby have been satisfied, or the entire Site sold, without defect or irregularity.

5.4 Appointment of Receiver. Upon the occurrence of a Default under this Deed of Trust, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Site or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Site, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein and

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shall continue as such and exercise all such powers until the date of confirmation of sale of the Site unless such receivership is sooner terminated.

5.5 Application of Funds After Default. Except as otherwise herein provided, upon the occurrence of a Default hereunder, Beneficiary may, at any time without notice, apply any or all sums or amounts received and held by Beneficiary to pay insurance premiums, Impositions, or either of them, or as rents or income of the Site, or as insurance or condemnation proceeds, and all other sums or amounts received by Beneficiary from or on account of Trustor or the Site, or otherwise, upon any Secured Obligation, in such manner and order as Beneficiary may elect, notwithstanding that such Secured Obligation may not yet be due. The receipt, use or application of any such sum or amount shall not be construed to affect the maturity of any indebtedness secured by this Deed of Trust, or any of the rights or powers of Beneficiary or Trustee under the terms of the Project Documents, or any of the obligations of Trustor or any guarantor under the Project Documents; or to cure or waive any default or notice of default under any of the Project Documents; or to invalidate any act of Trustee or Beneficiary.

5.6 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligation secured hereby and to exercise all rights and powers under this Deed of Trust or under any Project Document or other agreement or any law now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by guaranty, mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security for the obligations hereby secured now or hereafter held by Beneficiary or Trustee in such order and manner as they may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein, or granted to Beneficiary under any other agreement, or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or granted to Beneficiary under any other agreement, or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Project Documents to the Trustee or Beneficiary or to which either of them may be otherwise entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee or Beneficiary, and either of them may pursue inconsistent remedies. Trustor may be joined in any action brought by Beneficiary to foreclose under or otherwise enforce this Deed of Trust.

5.7 Request for Notice of Default. Trustor hereby requests that a copy of any notice of default and that a copy of any notice of sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

ARTICLE VI
MISCELLANEOUS

6.1 Amendments. This instrument cannot be waived, modified, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, modification, discharge or termination is sought.

6.2 Waivers. Trustor waives, to the extent permitted by law, (i) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Site, and, whether now existing or hereafter arising or created, (ii) all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created, and (iii) all rights and remedies which Trustor may have or be able to assert by reason of the laws of the State of California pertaining to the rights and remedies of sureties: provided, however, nothing contained herein shall be deemed to be a waiver of Trustor's rights under Section 2924, 2924b and 2924c of the California Civil Code, or under Sections 580a or 726 of the California Code of Civil Procedure.

6.3 Statements by Trustor. Trustor shall, within twenty (20) days after notice thereof from Beneficiary, deliver to Beneficiary a written statement setting forth the amounts Trustor understands to be unpaid and secured by this Deed of Trust and stating whether any offset or defense exists against such amounts.

6.4 Statements by Beneficiary. For any statement or accounting requested by Trustor or any other entitled person pursuant to Section 2943 or Section 2954 of the California Civil Code or pursuant to any other provision of applicable law, or for any other document or instrument furnished to Trustor by Beneficiary, Beneficiary may charge the maximum amount permitted by law at the time of the request therefor, or if there be no such maximum, then in accordance with Beneficiary's customary charges therefor or the actual cost to Beneficiary therefor, whichever is greater.

6.5 Reconveyance by Trustee. Upon written request of Beneficiary stating that all Secured Obligations have been paid and fully performed, and upon surrender by Beneficiary of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees and the costs and expenses of executing and recording any requested reconveyance, Trustee shall reconvey to the person or persons legally entitled thereto, without warranty, any portion of the Site then held hereunder. The recitals in any such reconveyance of any matter or fact shall be conclusive proof of the truthfulness thereof. The grantee in any such reconveyance may be described as "the person or persons legally entitled thereto."

6.6 Notices. All notices, demands, approvals and other communications provided for herein shall be in writing and shall be personally delivered, delivered by reputable overnight courier service or mailed by United States mail, as certified or registered material, return receipt requested, postage prepaid, to the appropriate party at the address set forth in the first paragraph of this Deed of Trust. Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received: provided, however, that non-receipt of any communication as the result of a change of address of which the pending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

A copy of each notice, demand, approval and communication directed to the Trustor shall be provided to the Tax Credit Investor at the following address: 101 Arch Street, Boston, MA 02110.

6.7 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

6.8 Headings. Article and Section headings are included in this Deed of Trust for convenience of reference only and shall not be used in construing this Deed of Trust.

6.9 Severability. Every provision of this Deed of Trust is intended to be severable. In the event any provision hereof is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions hereof, which provisions shall remain binding and enforceable.

6.10 Subrogation. To the extent that proceeds of the Note are used, either directly or indirectly, to pay any outstanding lien, charge or prior encumbrance against the Site, Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether such liens, charges or encumbrances are released.

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

6.12 Statute of Limitations. The right to plead, use or assert any statute of limitations as a plea, defense or bar of any kind, or for any purpose, to any obligation secured hereby, or to any complaint or other pleading or proceeding filed, instituted or maintained for the purpose of enforcing this Deed of Trust or any rights hereunder, is hereby waived by Trustor to the full extent permitted by law.

6.13 Interpretation. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires; and the word "person" shall include corporation, partnership or other form of association. Any reference in this Deed of Trust to any document, instrument or agreement creating or evidencing an obligation secured hereby shall include such document, instrument or agreement both as originally executed and as it may from time to time be modified.

6.14 Trust Irrevocable. The trust created hereby is irrevocable by Trustor. All amounts payable by Trustor pursuant to this Deed of Trust shall be paid without notice (except where notice is expressly required), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Trustor hereby waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any amount secured hereby and payable by Trustor to Beneficiary or Trustee.

6.15 Further Assurances. Trustor agrees to do or cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments, as Beneficiary or Trustee may reasonably require to correct any defect, error or omission in this Deed of Trust or the execution or acknowledgment of

ATTACHMENT NO. 23

ADDITIONAL AUTHORITY LOAN LEASEHOLD DEED OF TRUST

this Deed of Trust, to subject to the lien of this Deed of Trust any of Trustor's property covered or intended to be covered hereby, to perfect and maintain such lien, to keep valid and effective the charges and lien hereof, to carry into effect the purposes of this Deed of Trust or to better assure and confirm to Beneficiary or Trustee their respective rights, powers and remedies hereunder.

6.16 Trustee's Powers. At any time, and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness or the performance of any other obligation secured hereby or the effect of this Deed of Trust upon the remainder of the Site, Trustee may (i) reconvey all or any part of the Site, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement, agreement subordinating the lien or charge hereof, or other agreement or instrument relating hereto or to all or any part of the Site.

6.17 Substitution of Trustee. Beneficiary may, from time to time, by written instrument executed and acknowledged by Beneficiary and recorded in the county or counties where the Site are located, or by any other procedure permitted by applicable law, substitute a successor or successors for the Trustee named herein or acting hereunder.

6.18 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

6.19 Non-Recourse Obligation. In the event of any Default under the terms of the Agreement or any of the other Project Documents, the sole recourse of Authority for any such Default shall be Developer's interest in the Site and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under the Agreement; provided, however, that the foregoing shall not in any way affect any rights Authority may have hereunder, or any right of Authority to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Authority as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by Authority in connection therewith (including without limitation reasonable attorneys' fees and costs).

IN WITNESS WHEREOF, Trustor has duly executed this Deed of Trust and Assignment of Rents as of the dates set forth below.

“TRUSTOR”

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

EXHIBIT "A" TO ATTACHMENT NO. 23

LEGAL DESCRIPTION

PARCEL A:

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-487987, OFFICIAL RECORDS.

PARCEL B:

THOSE PORTIONS OF STANFORD AVENUE AND MAIN STREET, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, ADJOINING PARCEL 2 ON THE NORTH AND EAST, AS SHOWN ON A PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THAT CERTAIN COURSE IN THE BOUNDARY OF SAID PARCEL 2 SHOWN AS "NORTH 0° 53' 09" 233.25 FEET" ON SAID PARCEL MAP AND BOUNDED SOUTHERLY BY THE EASTERLY PROLONGATION OF THAT CERTAIN COURSE SHOWN AS "NORTH 89° 23' 30" EAST 281.00 FEET" ON SAID PARCEL MAP.

PARCEL C:

THE WEST 110 FEET OF THE EAST 210 FEET OF THE NORTH 2 ACRES OF THE WEST HALF (W $\frac{1}{2}$) OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$) OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SECTION THIRTY-TWO (32), IN TOWNSHIP FOUR (4) SOUTH, RANGE TEN (10) WEST, SAN BERNARDINO BASE AND MERIDIAN.

APN(s): 089-202-28 and 089-202-54

EXHIBIT "B" TO ATTACHMENT NO. 23

**CERTIFICATE OF ACCEPTANCE
Additional Authority Loan Deed of Trust**

This is to certify that the interest in real property conveyed by the foregoing Deed of Trust dated _____, 2015 from GARDEN GROVE HOUSING PARTNERS LP to the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic ("Authority"), is hereby accepted by the undersigned officer on behalf of Authority pursuant to authority conferred by the Authority Board on June 23, 2015, and Authority, as beneficiary, consents to recordation thereof by its duly authorized officer.

Dated : _____

AUTHORITY:

GARDEN GROVE HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Authority Director

ATTEST:

**KATHLEEN BAILOR,
AUTHORITY SECRETARY**

Authority Secretary

APPROVED AS TO FORM:

**WOODRUFF, SPRADLIN & SMART,
CITY ATTORNEY**

Thomas Nixon

STRADLING YOCCA CARLSON & RAUTH

Housing Authority Special Counsel

**ATTACHMENT NO. 23
CERTIFICATE OF ACCEPTANCE**

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ATTACHMENT NO. 24

CITY DA FEE DEFERRAL LOAN NOTE
PROMISSORY NOTE SECURED BY DEED OF TRUST

\$90,052.00

Garden Grove, California

_____, 2015

FOR VALUE RECEIVED, **GARDEN GROVE HOUSING PARTNERS LP**, a California limited partnership ("Developer"), promises to pay to the **CITY OF GARDEN GROVE**, a municipal corporation ("City"), at its offices at 11222 Acacia Parkway, Garden Grove, California 92840, or at such other place as Authority may from time to time designate in writing, (a) the principal sum of Ninety Thousand Fifty-Two Dollars (\$90,052) ("Note Amount"); and (b) all costs and expenses payable hereunder.

RECITALS

A. This City DA Fee Deferral Loan Note, Promissory Note Secured By Deed of Trust ("Note") is made pursuant to that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) by and among Developer, the City, and the Garden Grove Housing Authority, a public body corporate and politic ("Authority"), dated as of June ___, 2015 ("Agreement").

B. Capitalized terms used in this Note shall have the meaning set forth in the Agreement, unless expressly otherwise defined herein.

NOW, THEREFORE, for good valuable consideration, receipt of which is hereby acknowledged, Developer agrees as follows:

1. **Agreement.** The principal sums hereunder have been and are being loaned by City to Developer in accordance with and pursuant to the Agreement, which is a public record on file in the office of the City Clerk. The City DA Fee Deferral Loan shall evidence the deferral of certain impact fees assessed by the City for the Developer's Project pursuant to the Development Agreement and shall be deemed deferred only in accordance with the procedures set forth in the Agreement. The terms of the Agreement are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail.

a. *Cross Default.* A default by Developer under any of the provisions of the Agreement, the City DA Fee Deferral Loan Deed of Trust of even date herewith, or any of the other Project Documents or Transaction Documents shall, after the expiration of any cure period under the respective agreement, be a default hereunder, and a default hereunder after the expiration of any applicable cure periods shall be a default under the Project Documents.

2. **Interest.** Three percent simple interest (3%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) shall accrue on the Note Amount and

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CITY DA FEE DEFERRAL LOAN NOTE
PROMISSORY NOTE SECURED BY DEED OF TRUST

all other amounts due under this Note (other than accrued interest), except as set forth in Section 8 hereof.

3. **Payment.** The Note Amount shall be paid by Developer's annual payment to Authority of an amount equal to all of the Developer's Share of Residual Receipts (50%) (less the amount paid from Developer's Share of Residual Receipts to UMC as part of ground rent under the Conforming Lease but in no event less than 60% of Developer's Share of Residual Receipts), as determined by a Residual Receipts calculation from the operation of the Project for the preceding calendar year until the obligation evidenced hereby has been satisfied in full. In addition, Developer shall pay to City seventy-five percent (75%) of the Refinancing Net Proceeds immediately upon any refinancing of the Project (or any part thereof) and seventy-five percent (75%) of the Transfer Net Proceeds immediately upon any transfer in whole or in part of the Project, except and to the extent such proceeds have been used to pay down the Additional Authority Loan Note, and, as applicable, the HOME Loan Note; provided, however, that no Refinancing Net Proceeds will be payable hereunder as a result of the Conversion of the Primary Loan and assignment thereof to CCRC. Developer's Share of Residual Receipts payments shall be made and delivered by Developer to Authority beginning April 30 in the year following the year in which the Conversion of the Primary Loan occurs, and annually thereafter throughout the term of this Note and continuing until the Note Amount and all accrued interest thereon and all other amounts owing to Authority hereunder have been repaid in full. In the event there are no Residual Receipts for the calendar year relating to such payment, no annual payment for such year shall be required hereunder; provided, however, in such event, such interest shall continue to accrue. Any remaining portion of the Note Amount, plus unpaid accrued interest, shall be due and payable in full on the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants is recorded for the Project. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth in Section 8 below.

a. *Definitions.*

"Annual Project Revenue" shall mean all gross income and all revenues of any kind from the Project in a calendar year, of whatever form or nature, whether direct or indirect, with the exception of the items excluded below, received by or paid to or for the account or benefit of Developer or any Affiliate of Developer or any of their agents or employees (provided, in no event shall amounts counted as Annual Project Revenue be double counted if paid by Developer to one or more of its Affiliates), from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by tenants of the Project under leases, and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from HUD (by HUD) or any other person or organization, received on behalf of tenants under their including Section 8 Program (Portable Voucher) payments, leases, (ii) amounts paid to Developer or any Affiliate of Developer on account of Operating Expenses for further disbursement by Developer or such Affiliate to a third party or parties, including, without limitation, grants received to fund social services at the Project (to the extent such grants exceed the cost of providing such social services), (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Developer in connection with the rental of office, retail, storage, or other space in the Project; (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of

**ATTACHMENT NO. 24
CITY DA FEE DEFERRAL LOAN NOTE
PROMISSORY NOTE SECURED BY DEED OF TRUST**

leases, and (vii) interest and other investment earnings on security deposits, reserve accounts and other Project accounts to the extent disbursed. Notwithstanding the foregoing, Annual Project Revenue shall not include the following items: (a) security deposits from tenants (except when applied by Developer to rent or other amounts owing by tenants); (b) capital contributions to Developer by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; (d) funds received from any source actually and directly used for acquisition of the Conforming Leasehold Interest in the Site and/or initial development of the Project; (e) proceeds of the approved Primary Loan; or (f) receipt by an Affiliate of management fees, grants received for social services, or other bona fide arms-length payments for reasonable and necessary Operating Expenses associated with the Project.

“Authority’s Share of Residual Receipts” shall mean fifty percent (50%) of Residual Receipts.

“Capital Replacement Reserve” shall mean a separate reserve fund account to be established and maintained by Developer equal to not less than Two Hundred Fifty Dollars (\$250) per year (increased annually by 3%) for each Housing Unit in the Project (i.e., forty-seven (47) units in the Project times \$250 equals Eleven Thousand Seven Hundred Fifty Dollars (\$11,750.00) per year for the Project), to be used as the primary resource to fund capital improvements and replacement improvements. The amount of \$250 for each Housing Unit that is set aside by Developer (or its Property Manager) shall be allocated from the gross rents received from the Site and deposited into a separate interest-bearing trust account for capital repairs and replacements to the improvements, fixtures and equipment at the Site that are normally capitalized under generally accepted accounting principles, including, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, and faucets; air conditioning and heating replacement; asphalt repair, replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Site and all common areas and common improvements in the manner prescribed herein. Pursuant to the procedure for submittal of each annual Operating Budget to Authority Director by Developer, Authority Director will evaluate the cumulative amount on deposit in the Capital Replacement Reserve account and exercise his sole, reasonable discretion to determine if existing balance(s) in, proposed deposits to, shortfalls, if any, and/or a cumulative unexpended/unencumbered account balance in such Capital Replacement Reserve account are adequate or in excess of the amount needed to provide for necessary capital repairs and improvement to the Site (provided that required annual deposits thereto are not required to exceed \$250/per Housing Unit, increased annually by 3%.) To the extent the Primary Lender and/or Tax Credit Investor requires Developer to maintain a reserve fund or account for any or all of the same purposes as the Capital Replacement Reserve, Authority will allow Developer to credit any funds actually reserved for any or all of the same purposes pursuant to the requirements of the Primary Lender and/or Tax Credit Investor against Developer’s obligation to make deposits into the Capital Replacement Reserve.

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“Capitalized Operating Reserve” shall mean the capitalized operating reserve for the Project, which shall be funded by Primary Loan proceeds and Tax Credit equity in the Target Amount as provided in Section 1212, estimated as of the Date of Agreement to be approximately One Hundred Twenty Seven Thousand Dollars (\$127,000) and equivalent to three (3) months of operating expenses, reserve payments, and required debt service. The Capitalized Operating Reserve shall thereafter be replenished from Annual Project Revenue if and to the extent required by the Primary Lender or Developer’s Tax Credit Investor.

“Conforming Lease” shall mean that certain Ground Lease Agreement (United Methodist Church) to be entered into between UMC, as ground lessor/landlord, and Developer (or its Affiliate), as ground lessee/tenant, for ground lease of the Site, which includes at a minimum the following business terms: (1) the period of the ground lease, the “term”, is sixty (60) years or more, (2) Developer, as ground lessee, has and maintains rights to the Leased Premises, as therein defined, sufficient to yield at least 55 years of occupancy conforming to the Regulatory Agreement, (3) permits use of the Site as provided under the HOME Agreement, (4) provides for payments to be made by Developer (or an Affiliate) to UMC, (5) provides to City and Authority express rights (in a form and content approved by the City Manager/Authority Director and legal counsel in their reasonable discretion) of notice(s) regarding event(s) of default, extended rights to cure event(s) of default, and rights equivalent to the ROFO.

“Conforming Leasehold Interest” shall mean all interest of Developer under the Conforming Lease.

“Debt Service” shall mean payments made in a calendar year pursuant to the approved loans (including the Primary Loan and other approved financing) obtained for the acquisition of a Conforming Leasehold Interest in the Site, Construction, ownership, and operation of the Project in accordance with the Agreement, but excluding payments made pursuant to the Additional Authority Loan Note, and further excluding payments on the HOME Loan Note, that are payable from Residual Receipts.

“Deferred Developer Fee” shall mean the portion of the Developer Fee, if any, to be paid from Project cash flow, as approved by Authority pursuant to Section 209 of the Agreement in the amount described in Section 209.1(d) of the Agreement.

“Developer’s Share of Residual Receipts” shall mean fifty percent (50%) of Residual Receipts.

“Operating Budget” shall mean the annual operating budget for the Project that sets forth the projected Operating Expenses for the upcoming year that is submitted to and reviewed and approved by Authority Director in his reasonable discretion (and which may also be subject to review by Lender, if required by the Primary Loan documents.) The Operating Budget is further described in Section 1211 of the Agreement.

“Operating Expenses” shall mean actual, reasonable and customary (for comparable High Quality, multi-family rental housing developments in Orange County) costs, fees and expenses directly incurred and attributable to the operation, maintenance, and management of the Project in a calendar year, which are in accordance with the Operating Budget (or any amendments thereto)

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approved by Authority through the Authority Director pursuant to Section 1211 of the Agreement, and not a part or paid as a part of the Construction of the Site, including, without limitation, Debt Service; painting, cleaning, repairs, alterations, landscaping; utilities, refuse removal, certificates, permits and licenses, sewer charges, taxes, filing fees, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the Capital Replacement Reserve, fees and expenses of property management (not exceeding the Maximum Property Management Fee) and common area expenses, fees and expenses of accountants, attorneys and other professionals, the cost of social services in an amount equal to \$25,000 (subject to annual increases of 3%), and other actual, reasonable and customary operating costs which are directly incurred and paid by Developer, but which are not paid from reserve accounts, and provided however that any fees incurred or services provided by Developer or any Affiliate shall not exceed fair market fees or rates for goods or services that are customary and prevailing in the City for such fees, goods, or services. To the extent Developer's only asset is the Project, Operating Expenses shall include actual, reasonable and customary costs, fees and expenses paid to unaffiliated third parties for the operation of Developer, including administrative, accounting and legal fees and expenses. Operating Expenses may include costs, fees or expenses paid to unaffiliated third parties that were not set forth in the approved Operating Budget to the extent such costs, fees or expenses were not foreseen at the time the applicable Operating Budget was created, but nonetheless were actual, reasonable and customary for comparable developments; provided, evidence of such expenses must be submitted to Authority Director for verification purposes prior to payment thereof (except in emergency situations, in which case evidence of such expenses must be submitted to Authority Director for verification purposes as soon as reasonably practicable).

The term "Operating Expenses" shall not include any of the following: (i) salaries of employees of Developer or Developer's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Developer, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the City for the same work or services; (ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Developer, would be Operating Expenses; (iii) optional or elective payments with respect to any financing senior to the City DA Fee Deferral Loan unless approved by Authority which approval shall not be unreasonably withheld or delayed; (iv) any payments with respect to any Project-related loan or financing other than Debt Service; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Developer prior to completion of the Construction of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Developer in connection with the acquisition of the Conforming Leasehold Interest in the Site, all pre-development and pre-Construction activities conducted by Developer in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the Construction of the Project and any on-site or off-site work performed in connection therewith; (vi) depreciation, amortization, and accrued principal and interest expense on deferred payment debt; (vii) any Partnership Related Fees/Expenses to the extent they are not paid as capitalized expenses; (viii) other expenses not related to the operation, maintenance, or management of the Project; and (ix) ground rent paid under the Ground Lease.

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“Partnership Agreement” shall mean the agreement which sets forth the terms of Developer’s limited partnership, as such agreement may be amended from time to time (so long as any and all amendments that materially affect the contribution of capital or the cash flow priorities are consistent with the Agreement and subject to prior submission to Authority Director for review and approval), which approval shall not be unreasonably withheld or delayed). The Partnership Agreement shall include provisions which incorporate, defer to or otherwise substantially conform to the cash flow priorities included in the definition of “Residual Receipts” set forth in the Agreement.

“Partnership Related Fees/Expenses” shall mean fees and expenses of the Developer entity (or partners or Affiliates thereof pursuant to the Partnership Agreement) actually incurred, which are reasonable and customary to developer/owner entities (other than Developer Fees) for similar projects in Southern California, and may include, but shall not exceed:

(i) a general partner asset management fee payable to the general partner(s) not to exceed Fifteen Thousand Dollars (\$15,000) per year, increased annually by 3%; and

(ii) a limited partner administrative fee payable to the Tax Credit Investor not to exceed Ten Thousand Dollar (\$10,000) per year, increased annually by 3%.

In no event shall the fees for (i) and (ii) above cumulatively exceed Twenty-Five Thousand Dollars (\$25,000) in any one year (increased annually by 3%). In the event insufficient Annual Project Revenues exist to provide for payment of all or part of the specific Partnership Related Fees/Expenses listed above, no interest shall accrue on the unpaid portions of such Partnership Related Fees/Expenses, but the unpaid balance will be added to the Partnership Related Fees/Expenses due in the following year. In the event that the State (or HUD) were to disallow, or cap, or reduce the 3% escalation of the Partnership Related Fees/Expenses in connection with its/their review or actions relating to the federal and state funding sources hereunder, then Developer acknowledges and agrees that such cap, limitation or reduction will also apply to the definition of “Partnership Related Fees/Expenses” under this Note and the Agreement.

“Portable Voucher” or “Section 8 Program” shall mean Section 8 tenant-based vouchers, certificates of family participation under 24 CFR part 882 (Rental Certificate Program), rental vouchers under 24 CFR part 887 (Rental Voucher Program), and comparable documents evidencing participation in a program pursuant to the HOME Investment Partnership Act, 42 U.S.C. §12701, et seq. and the implementing regulations located at 24 CFR part 92, as such now exist and as may hereafter be amended, or other tenant-based rental assistance programs.

“Project Documents” shall mean the following documents evidencing the HOME Loan and required as consideration for Authority to make the HOME Loan and provide the Additional Authority Loan and for the City to make the City DA Fee Deferral Loan: (i) the Agreement, (ii) this Note; (iii) the HOME Loan Deed of Trust; (iv) the Regulatory Agreement; (v) the Security Agreement (UCC-1 Financing Statement); (vi) the Request for Notice of Default; (vii) the Additional Authority Note; (viii) the Additional Authority Note Deed of Trust; (ix) the HOME Loan Note; (x) the City DA Fee Deferral Loan Deed of Trust; and (xi) any other agreement, document, or instrument that Authority may reasonably require Developer to execute in connection with the execution of the Agreement or the provision of the HOME Loan to Developer or otherwise, from time to time, to effectuate the purposes of and to implement the Agreement.

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“Residual Receipts” shall mean Annual Project Revenue less the sum of:

- (i) Operating Expenses;
- (ii) Debt Service;
- (iii) Reserve Deposits to the Capital Replacement Reserve;
- (iv) Reserve Deposits to the Capitalized Operating Reserve;
- (v) Partnership Related Fees/Expenses;
- (vi) payment of unpaid Tax Credit adjustment amounts or reimbursement of Tax Credit adjustment amounts paid by the administrative and/or managing general partners and/or the guarantors to the Project pursuant to the approved Partnership Agreement, if any (after review and verification by Authority Director of documents provided by Developer showing propriety of such amounts and payments);
- (vii) repayment of loans, if any, made by the limited partner(s) of Developer’s limited partnership entity, including interest as set forth in the Partnership Agreement;
- (viii) Deferred Developer Fee for the Project which remains unpaid, if any, including interest at the Applicable Federal Rate; and
- (ix) repayment of outstanding development and operating loans and/or contributions for capital expenses for which no Project revenues are available, if any, made by the administrative and/or managing general partners and/or the guarantors to the Project, including interest at the Applicable Federal Rate (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans).

Developer’s payments on the City DA Fee Deferral Loan shall be paid by Developer to Authority from the Developer’s Share of Residual Receipts received from operation of the Project; payments shall be made to Authority on an annual basis until payment in full of the City DA Fee Deferral Loan.

In the event any calculation of Annual Project Revenue less subsections (i) through (ix) inclusive above results in a negative number, then Residual Receipts shall be zero (\$0) for that year.

In addition, none of the fees, costs, expenses, or items described above in calculation of Residual Receipts shall include any duplicate entry/item, or double accounting for a cost item. For example, an audit fee incurred by Developer (or any partner of Developer or an Affiliate) and deducted or included above in category/subsection (i) Operating Expenses shall not also be deducted or included in category/subsection (v) Partnership Related Fees in the calculation of Residual Receipts.

“Transaction Documents” shall mean all Project Documents and any and all financing documents in connection with the Primary Loan or other financing sources for the Project.

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“Transfer Net Proceeds” shall mean the proceeds of any transfer, in whole or in part, of Developer’s interest in the Site or any sale, assignment, sublease, or other transfer, in whole or in part of Developer’s interests in the Site, net only of (i) the reasonable and customary costs and expenses incurred in connection with such transfer; (ii) the amount of the financing which is satisfied out of such proceeds, (iii) the balance, if any, of the Deferred Developer Fee, (iv) the balance, if any, of permitted or authorized loans to the Project made by the limited partners of Developer for development or operating deficits (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing propriety of such loans), including interest thereon as provided in the Partnership Agreement (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans), (v) the balance, if any, of operating loans or development loans made by the general partners of Developer, including interest thereon as provided in the Partnership Agreement (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such loans), (vi) the return of capital contributions, if any, to the Project made by the general partners of Developer that were used to pay the Deferred Developer Fee (as approved by Authority after review and verification by Authority Director of documentation provided by Developer showing the propriety of such contributions), (vii) payment of any unpaid Partnership Related Fees/Expenses, and (viii) the payment of any unpaid Operating Expenses.

“UMC” shall mean the United Methodist Church of Garden Grove, a California corporation, the current owner of the Site, as referenced in Recital C, and the ground lessor/landlord under the Ground Lease.

b. *Calculation of Residual Receipts.* Residual Receipts shall be determined on the basis of the Annual Financial Statement and the Residual Receipts Report submitted to Authority by Developer pursuant to the Agreement.

4. Form of Payments. All amounts due hereunder are payable in immediately available funds and lawful monies of the United States of America.

5. Application of Payments. All payments shall be applied (i) first, to costs and fees owing hereunder, (ii) second, to the payment of unpaid accrued interest owing hereunder for each calendar year in which no payment was made by Developer pursuant to Section 3 hereof, (iii) third, to the payment of accrued interest for the preceding calendar year, and (iv) fourth, to the payment of principal.

6. Prepayment. At any time, Developer may prepay in whole or in part the outstanding principal balance under this Note, together with all accrued interest, if any, and unpaid fees, costs and expenses, if any, payable hereunder, without penalty or premium. In the event of prepayment by Developer, the Regulatory Agreement, in particular the covenants with respect to affordable housing for 50% AMI Very Low Income Households and 59% AMI Low Income Households as set forth in the Agreement and the Regulatory Agreement, shall remain intact, and shall be unaffected by the prepayment of this Note by Developer.

7. Security. This Note and all amounts payable hereunder are secured by the City DA Fee Deferral Loan Deed of Trust, a second trust deed, of even date herewith (“Deed of Trust”),

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executed by Developer in favor of City and recorded against the Site in the Official Records, which Deed of Trust shall only be subordinate to a deed of trust securing the repayment of the Primary Loan, the Additional Authority Loan Deed of Trust, the HOME Loan Deed of Trust, and such other encumbrances reasonably approved by Authority in writing. The terms of the Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. A default under any of the provisions of the Deed of Trust shall be a default hereunder, and a default hereunder shall be a default under the Deed of Trust.

8. Acceleration and Other Remedies. If elected by City pursuant to the following sentence, the entire balance due under this Note shall be paid to City upon the earlier of any of the following (each, a "Default"): (i) the uncured default of Developer under the Project Documents, this Note, or the Deed of Trust, in each case, after delivery of notice and expiration of the applicable cure period provided in the respective agreement; or (ii) the sale, lease or other transfer or conveyance (other than the permitted rentals and conveyances under the Agreement) of all or any part of the Project, or any interest therein (individually or collectively a "Transfer"), without the prior written consent of City in accordance with the Agreement, in each case, after delivery of notice and expiration of the applicable cure period provided in the applicable Project Document. Upon the occurrence and during the continuance of a Default, City may, at City's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. City shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as City may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of City in exercising any right hereunder, under the Agreement, the Project Documents or under the Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement, the Project Documents, the Deed of Trust or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of City's right to either require prompt payment when due of all other sums payable hereunder or to declare a Default for failure to make prompt or complete payment. In addition, upon any Default, the Note Amount and all outstanding amounts due under this Note shall accrue interest at the default rate of ten percent (10%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) ("Alternate Rate").

9. Waivers. Except to the extent notice is required under any of the Project Documents, Developer and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to any and all property securing this Note, and the benefit of any exemption under any homestead exemption laws, if applicable. Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or

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release any security for this Note at its sole discretion all without in any way affecting the liability of Developer. No extension of time for payment of this Note made by agreement by City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part. The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever. No previous waiver and no failure or delay by City in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

10. Consents. Developer and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more, and subject to the terms and provisions of the Agreement relating to modification, extension, and/or amendment) of the terms of the Agreement as such terms relate to this Note or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof to the extent requested or approved by Developer, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Except as otherwise set forth above, any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

11. Successors and Assigns. Whenever "City" is referred to in this Note, such reference shall be deemed to include the City of Garden Grove, and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of City and City's successors and assigns. City may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of Developer. Whenever "Developer" is referred to in this Note, such reference shall be deemed to include Garden Grove Housing Partners LP and its approved successors and assigns, including, without limitation, any approved subsequent assignee or obligor of this Note, if such approval is given in accordance with the Agreement. In no event shall Developer assign or transfer any portion of this note without the prior express written consent of City, except as permitted in the Agreement.

12. Usury. It is the intention of Developer and City to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

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(a) the provisions of this paragraph shall govern and control;

(b) neither Developer nor Developer's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;

(c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by City or, if this Note shall have been paid in full, refunded to Developer; and

(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to City for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that City may from time to time charge Developer, and under which Developer would have no claim or defense of usury under the Interest Law.

13. Costs of Enforcement. Developer agrees to pay upon demand all reasonable costs and expenses, including attorneys' fees, expert witness fees, and costs of suit (including appeals), incurred by City to enforce the terms hereof. In addition to the foregoing award of attorneys' fees, City shall be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

14. Miscellaneous. Time is of the essence hereof. If this Note is now, or hereafter shall be, signed by more than one party or person, it shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns. This Note shall be governed by and construed under the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Orange or the United States District Court of the Central District of California, as City hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue to the extent such action is filed in the above-referenced courts. In the event of a conflict between the provisions of this Note and the Agreement, this Note shall control.

15. Non-Recourse Obligation. In the event of any Default under the terms of the Agreement or any of the other Project Documents, the sole recourse of City for any such Default shall be Developer's interest in the Site and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under the Agreement; provided, however, that the foregoing shall not in any way affect any rights City may have hereunder, or any right of City to recover or collect funds, damages or costs (including without limitation reasonable

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attorneys' fees and costs) incurred by City as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

IN WITNESS WHEREOF, the parties hereto have caused this City DA Fee Deferral Loan Note, Promissory Note Secured by Deed of Trust to be executed on the date first set forth above.

Developer:

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

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CITY DA FEE DEFERRAL LOAN DEED OF TRUST

Recording Requested By and
When Recorded Mail To:

**Garden Grove Housing Authority
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Authority Director**

(Space above for Recorder's use.)

(This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.)

LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS

This **LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS** ("Deed of Trust"), dated as of _____, 2015, is executed by **GARDEN GROVE HOUSING PARTNERS LP**, a California limited partnership ("Trustor"), as trustor, whose address is 17701 Cowan Avenue, Suite 200, Irvine, California 92614, in favor of **FIRST AMERICAN TITLE INSURANCE COMPANY** ("Trustee"), as trustee, for the benefit of the **CITY OF GARDEN GROVE**, a municipal corporation ("Beneficiary"), as beneficiary, whose address is 11222 Acacia Parkway, Garden Grove, California 92840, Attention: Authority Director. Each capitalized term used herein and not otherwise defined herein shall have the meaning given such term in the "Agreement" (as defined in Section 2.1(b), below).

ARTICLE I

GRANT OF SECURITY

1.1 Grant of Security. FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt and adequacy of which are hereby acknowledged, Trustor hereby irrevocably grants, transfers and assigns to Trustee, IN TRUST, WITH POWER OF SALE, AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary, all rights, titles, interests, estates, powers and privileges that Trustor now has or may hereafter acquire in or to the following property and interests therein (collectively, the "Site"):

(a) That certain real property ("Land" or "Site") in the City of Garden Grove, County of Orange, State of California, more particularly described on Exhibit "A" attached hereto;

(b) All buildings and other improvements now or hereafter located on the Land, including, but not limited to, the Fixtures (as defined below) and any and all other equipment,

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machinery, appliances and other articles attached to such buildings and other improvements (collectively, the "Improvements");

(c) All fixtures (collectively, the "Fixtures") now or hereafter located on, attached to, installed in or used in connection with the Land and the Improvements, including all awnings, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing machinery and equipment, water tanks, heating, ventilating, air conditioning and air cooling machinery and equipment, gas and electric machinery and equipment, and other equipment, machinery and appliances and other fixtures of every kind and nature;

(d) All rights, rights-of-way, easements, licenses, profits, privileges, tenements, hereditaments and appurtenances now owned or hereafter acquired by Trustor and used in connection with the Land and the Improvements or as a means of access to either or both;

(e) All of Trustor's right, title and interest now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Land, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Land and Improvements;

(f) All oil, gas and other mineral rights in or relating to the Land, and all royalty, leasehold and other rights of Trustor in or relating thereto;

(g) All water, water rights and riparian rights (including, without limitation, shares of stock evidencing the same) in or relating to the Land;

(h) All leases and subleases relating to all or any part of the Land and the Improvements or any interest therein, now or hereafter existing or entered into, including all deposits, advance rentals and other payments of a similar nature but not including the Rents, as defined and separately assigned in Article 4;

(i) All options to purchase or lease all or any part of the Land or Improvements or any interest therein (and any greater estate in the Land or Improvements now owned or hereafter acquired pursuant thereto);

(j) All other estates, easements, licenses, interests, rights, titles, claims or demands, both in law and in equity, which Trustor now has or may hereafter acquire in the Land and the Improvements, including, without limitation, (1) any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of all or any part of the Site, including any award resulting from a change of grade of streets and any award for severance damages, and (2) any and all proceeds of any insurance covering the Site.

ARTICLE II

SECURED OBLIGATIONS

2.1 Secured Obligations. This Deed of Trust, and the lien created hereby, is made for the purpose of securing the following obligations (collectively, the "Secured Obligations"):

(a) the payment and performance by Trustor of all indebtedness and other obligations evidenced by that certain City DA Fee Deferral Loan Note, Promissory Note Secured by Deed of Trust ("Note") dated of even date herewith, made by Trustor to the order of Beneficiary, in the original principal amount of Ninety Thousand Fifty-Two Dollars (\$90,052), together with interest on such indebtedness and costs of enforcement according to the terms of the Note;

(b) the payment and performance of all indebtedness and each and every promise, agreement, covenant, and obligation of Trustor to Beneficiary contained in (i) that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Apartments Project) ("Agreement"), dated as of June ___, 2015, between Beneficiary and Trustor, (ii) that certain Regulatory Agreement with Right of First Offer ("Regulatory Agreement") dated concurrently herewith, by and between Beneficiary and Trustor and recorded against the Site in the Official Records of Orange County, and (iii) this Deed of Trust and the other "Project Documents" (as defined in the Agreement), whether or not the total amount thereof may exceed the face amount of the Note, shall be secured hereby to the same extent as though said Agreement, Regulatory Agreement, and Project Documents were fully incorporated in this Deed of Trust;

(c) the payment and performance of all indebtedness and other obligations of Trustor to Beneficiary, or its successors or assigns, when such indebtedness and obligations are contained in a document which recites that the obligations thereunder are secured by this Deed of Trust;

(d) the payment by Trustor of all amounts advanced by or on behalf of Beneficiary or Trustee to improve, protect or preserve the Site or the security of this Deed of Trust, with interest thereon as provided herein; and

(e) the payment and performance of all amendments, modifications, extensions, renewals and replacements of or for any of the foregoing (including, without limitation, (i) amendments or modifications of the required principal payment dates or interest payment dates, or both, as the case may be, accelerating or deferring such interest payment dates in whole or in part, or (ii) amendments, modifications, extensions or renewals at a different rate of interest), whether or not any such amendment, modification, extension, renewal or replacement is evidenced by a new or additional promissory note or other document.

ARTICLE III

COVENANTS

3.1 Payment of Secured Obligations. Trustor shall pay and perform the Secured Obligations when due.

3.2 Maintenance, Repair, Alterations. Trustor shall maintain and preserve the Site in good condition and repair; Trustor, except upon the prior written consent of Beneficiary, shall not remove, demolish or materially alter any of the Improvements, other than to make repairs in the ordinary course of business of a non-structural nature which serve to preserve or increase the value of the Site; Trustor shall complete promptly and in a good and workmanlike manner any Improvement which may be now or hereafter constructed on the Land, shall promptly restore in like manner any Improvement which may be damaged or destroyed thereon from any cause whatsoever, and shall pay

when due all claims for labor performed and materials furnished therefor; Trustor shall comply with all laws, ordinances, rules, regulations, orders, covenants, conditions, restrictions and "Permitted Encumbrances" (as hereinafter defined) now or hereafter affecting the Site, or any part thereof, or the conduct or operation of Trustor's business; Trustor shall not commit, suffer or permit any act to be done in, upon or to all or any part of the Site in violation of any such laws, ordinances, rules, regulations, orders, covenants, conditions or Permitted Encumbrances now or hereafter affecting the Site; Trustor shall not commit or permit any waste or deterioration of the Site, and shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; Trustor shall not take (nor fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting the Site or which otherwise would impair the security of Beneficiary in the Site; Trustor shall comply with the provisions of all leases, if any, constituting a portion of the Site; Trustor shall not abandon the Site or any portion thereof or leave the Site unprotected, unguarded, vacant or deserted; Trustor shall not initiate, join in or consent to any change in any zoning ordinance, general plan, specific plan, private restrictive covenant or other public or private restriction limiting the uses which may be made of the Site by Trustor or by the owner thereof without the prior written consent of Beneficiary; Trustor shall secure and maintain in full force and effect all permits necessary for the use, occupancy and operation of the Site; except as otherwise prohibited or restricted by the Project Documents, or any of them, Trustor shall do any and all other acts which may be reasonably necessary to protect or preserve the value of the Site and the rights of Trustee and Beneficiary with respect thereto.

3.3 Insurance. Trustor shall at all times maintain in full force and effect, at Trustor's sole cost and expense, policies of insurance in form, substance, amounts and with companies as required by the Agreement. In the event of any damage or destruction to the Site, all insurance proceeds shall be applied in accordance with the terms and provisions of the Agreement or, in the absence thereof, as required by law.

3.4 Condemnation and Other Awards. Upon learning of the condemnation or other taking for public or quasi-public use of, or of the institution or the threatened institution of any proceeding for the condemnation or other taking for public or quasi-public use of, all or any part of the Site, Trustor shall promptly notify Beneficiary and Trustee of such fact. Subject to the requirements under senior loan documents, Trustor shall take all actions reasonably required by Beneficiary or Trustee in connection therewith to defend (using counsel reasonably acceptable to Beneficiary) and protect the interests of Trustor, Beneficiary and/or Trustee in the Site. At Beneficiary's option, Beneficiary or Trustor may be the nominal party in such proceeding but in any event Beneficiary shall be entitled, without regard to the adequacy of its security, to participate in and to control its own defense and any settlement affecting the Beneficiary's interest in the Site and to be represented therein by counsel of its choice. Subject to the requirements under senior loan documents, Trustor hereby assigns to Beneficiary, as security for the Secured Obligations, all compensation, awards, damages and other amounts payable to Trustor in connection with any condemnation or other taking of all or any part of the Site for public or semi-public use (including, but not limited to, the proceeds of any settlement, regardless of whether or not condemnation or other taking proceedings are instituted in connection therewith). Upon receipt, subject to the requirements under senior loan documents, Trustor shall immediately deliver all such compensation, awards, damages and other amounts to Beneficiary. All such proceeds shall first be applied to reimburse Beneficiary and Trustee for all costs and expenses, including reasonable attorneys' fees, incurred in connection with the collection of such award or settlement. The balance of such award or settlement shall be applied as required by law. Application or release of such proceeds as provided herein shall

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not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3.5 Taxes and Impositions. After Trustor's acquisition of the Conforming Leasehold Interest from UMC, Trustor shall be responsible to and shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the "Impositions"): (i) all general and special real property taxes and assessments imposed on the Site; and (ii) all other taxes and assessments and charges of every kind that are assessed upon the Site and that create or may create a lien upon the Site (or upon any personal property or fixtures used in connection with the Site), including nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions. If permitted by law, Trustor may pay any Imposition in installments (together with any accrued interest).

(a) Right to Contest. Trustor shall not be required to pay any Imposition so long as (a) the validity of such Imposition is being actively contested in good faith and by appropriate proceedings, and (b) either (i) Trustor has demonstrated to Beneficiary's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of any parcel in satisfaction of such Imposition or otherwise impair Beneficiary's interests under the Project Documents, or (ii) Trustor has furnished Beneficiary with a bond or other security satisfactory to Beneficiary in an amount not less than 120% of the applicable claim (including interest and penalties).

(b) Evidence of Payment. Upon demand by the Beneficiary from time to time, Trustor shall deliver to the Beneficiary within thirty (30) days following the due date of any Imposition, evidence of payment of said Imposition reasonably satisfactory to the Beneficiary, unless Trustor is contesting the imposition in conformity with Section 3.5(a). In addition, upon demand by Beneficiary from time to time, Trustor shall furnish to Beneficiary a tax reporting service for the Site of a type and duration, and with a company, reasonably satisfactory to Beneficiary.

3.6 Utilities. Except to the extent paid directly by tenants, Trustor shall promptly pay all gas, electricity, water, sewer and other utility charges which are incurred for the benefit of the Site or which may become a lien against the Site and all other assessments and other charges of a similar nature, public or private, relating to the Site or any portion thereof, regardless of whether or not any such charge is or may become a lien thereon.

3.7 Liens. Trustor shall not cause, incur, suffer or permit to exist or become effective any lien, encumbrance or charge upon all or any part of the Site or any interest therein. Trustor shall pay and promptly discharge, at Trustor's sole cost and expense, all liens, encumbrances and charges upon all or any part of the Site or any interest therein, or contest such claim in conformity with Sections 1001.1 and 1102 of the Agreement. If Trustor shall fail to remove and discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, without notice to or demand on Trustor, and without inquiring into the validity of such lien, encumbrance or charge or the existence of any defense or offset thereto, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or in any other manner permitted or required by law. Subject to the rights of Trustor pursuant to Sections 1001.1 and 1102 of the Agreement, the Trustor shall, within twenty (20) days after demand therefor by Beneficiary (together with sufficient

evidence substantiating such expenditures by Beneficiary), pay to Beneficiary an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right to discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure until paid at the "Alternate Rate" (as defined in the Note).

3.8 Sale or Lease of Site. Except as otherwise permitted under the Agreement, Trustor shall not sell, lease or otherwise transfer all or any part of the Site or any interest therein without the prior written consent of Beneficiary.

3.9 Inspections. Beneficiary, Trustee and their respective agents, representatives and employees, are each authorized, upon notice reasonable under the circumstances (which may be written or oral), to enter at any time upon any part of the Site during normal business hours for the purpose of inspecting the same and for the purpose of performing any of the work Beneficiary and/or Trustee are authorized to perform hereunder or under the terms of any of the Project Documents. Such entry by the Beneficiary shall be upon 48-hours' prior notice, and shall be undertaken at Beneficiary's expense, with Beneficiary holding harmless the Trustor from any claims or injuries which occur in connection with the exercise of the Beneficiary's rights pursuant to this Section 3.9. The rights of Beneficiary to enter and inspect pursuant to this Section 3.9 are in addition to and do not limit Authority's rights to conduct building inspections.

3.10 Defense of Actions. Trustor, at no cost or expense to Beneficiary or Trustee, shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, any of the other Project Documents, all or any part of the Site or any interest therein, any additional or other security for the obligations secured hereby, or the interests, rights, powers or duties of Beneficiary or Trustee hereunder, provided that Trustee or Beneficiary shall have first tendered the defense to Trustor. If Beneficiary or Trustee elects to become a party to such action or proceeding, or is made a party thereto, Trustor shall indemnify, defend and hold Trustee and Beneficiary harmless from all liability, damage, cost and expense incurred by Trustee and Beneficiary, or either of them, by reason of such action or proceeding (including, without limitation, reasonable attorneys' fees and expenses), whether or not such action or proceeding is prosecuted to judgment or decision.

3.11 Protection of Security. If Trustor fails to make any payment or to do any act as and in the manner provided in this Deed of Trust or any of the other Project Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do, without further notice or demand, and without releasing Trustor from any obligation, may make or do the same in such manner and to such extent as either may reasonably deem necessary to protect the security of this Deed of Trust. In connection therewith (without limiting their general powers), Beneficiary and Trustee shall each have and are hereby given the right, but not the obligation and subject to the terms and conditions set forth herein: (i) to enter upon and take possession of the Site; (ii) to make additions, alterations, repairs and improvements to the Site which in the judgment of either may be necessary or proper to keep the Site in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of this Deed of Trust or may be, or to appear to be, prior or superior hereto; and (v) in exercising such powers, to pay all necessary or appropriate costs and expenses and employ necessary or desirable consultants.

3.12 Beneficiary's Powers. Without affecting the liability of Trustor or any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Site not then or theretofore released as security for the full amount of all Secured Obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation (provided, however, that the consent of Trustor shall be required with respect to the extension or alteration of any unpaid obligation of Trustor to Beneficiary), (iii) waive any provision contained herein or grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, a portion or all of the Site, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto. By accepting payment or performance of any obligation secured by this Deed of Trust after the payment or performance thereof is due or after the filing of a notice of default and election to sell, Beneficiary shall not have thereby waived its right to require prompt payment and performance, when due, of all other obligations secured hereby, or to declare a default for failure so to pay or perform, or to proceed with the sale under any notice of default and election to sell theretofore given by Beneficiary, or with respect to any unpaid balance of the indebtedness secured hereby. The acceptance by Beneficiary of any sum in an amount less than the sum then due shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due.

3.13 Costs, Fees and Expenses. Upon the occurrence of a Default, Trustor shall pay, on demand, all costs, fees, expenses, advances, charges, losses and liabilities paid or incurred by Beneficiary and/or Trustee under or in connection with this Deed of Trust, the enforcement of this Deed of Trust, the collection of the Secured Obligations, and/or the exercise of any right, power, privilege or remedy given Beneficiary and/or Trustee under this Deed of Trust, including, (a) foreclosure fees, trustee's fees and expenses, receiver's fees and expenses and trustee's sale guaranty premiums, (b) costs and expenses paid or incurred by Beneficiary and/or Trustee and/or any receiver appointed under this Deed of Trust in connection with the operation, maintenance, management, protection, preservation, collection, sale or other liquidation of the Site, (c) advances made by Beneficiary and/or Trustee to complete or partially construct all or any part of any improvements which may have been commenced on the Land or otherwise to protect the security of this Deed of Trust, (d) costs of evidence of title, costs of surveys and costs of appraisals, and (e) the fees, costs and expenses of attorneys, accountants and other consultants; together with interest thereon from the date of expenditure until so paid at the Alternate Rate.

ARTICLE IV

ASSIGNMENT OF RENTS, ISSUES AND PROFITS

4.1 Assignment of Rents, Issues and Profits. While this Deed of Trust is outstanding, Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary all of its right, title and interest in and to all rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Site (collectively, the "Rents"), and hereby gives to and confers upon Beneficiary the right, power and authority to collect such Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in its name or in the name of Trustor, for all Rents, and to apply the same to the obligations secured hereby; provided, however, that Trustor shall have a license to collect Rents (but not more than one

month in advance unless the written approval of Beneficiary has first been obtained, which approval shall not be unreasonably withheld or delayed), and to retain and enjoy the same, so long as a Default shall not have occurred hereunder and be continuing. The assignment of the Rents in this Article 4 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

4.2 Collection Upon Default. Upon the occurrence and during the continuance of a Default hereunder, Trustor's license to collect the Rents shall automatically terminate and Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the obligations hereby secured, enter upon and take possession of the Site, or any part thereof, and, with or without taking possession of the Site or any part thereof, in its own name sue for or otherwise collect such Rents (including those past due and unpaid, and all prepaid Rents and all other monies which may have been or may hereafter be deposited with Trustor by any lessee or tenant of Trustor to secure the payment of any Rent or for any services thereafter to be rendered by Trustor or any other obligation of any tenant to Trustor arising under any lease, and Trustor agrees that, upon the occurrence of any Default hereunder, Trustor shall promptly deliver all Rents and other monies to Beneficiary), and Beneficiary may apply the same, less costs and expenses of operation and collection, including, without limitation, attorneys' fees, whether or not suit is brought or prosecuted to judgment, upon any indebtedness or obligation of Trustor secured hereby, and in such order as Beneficiary may determine notwithstanding that said indebtedness or the performance of said obligation may not then be due. The collection of Rents, or the entering upon and taking possession of the Site, or the application of Rents as provided above, shall not cure or waive any default or notice of default hereunder or invalidate any act performed in response to such default or pursuant to such notice of default or be deemed or construed to make Beneficiary a mortgagee-in-possession of all or any part of the Site.

ARTICLE V

REMEDIES UPON DEFAULT

5.1 Events of Default. The occurrence of any of the following events or conditions shall, subject to the cure rights set forth in the Agreement, constitute an event of default ("Default") hereunder:

5.1.1 Trustor shall fail to pay any amount owing under this Deed of Trust when due, and such failure is not cured within ten (10) days after Beneficiary gives Trustor notice of such failure;

5.1.2 Trustor shall fail to observe or perform any other obligation contained in this Deed of Trust, and such failure is not cured within thirty (30) days after Beneficiary gives Trustor notice of such failure; provided that, if cure cannot reasonably be effected within such 30-day period, such failure shall not be a Default so long as Borrower promptly (in any event, within thirty (30) days after receipt of such notice) commences cure, and thereafter diligently prosecutes such cure to completion;

5.1.3 The occurrence of a "Default" under the Agreement, the Regulatory Agreement, the Note, or other Project Documents;

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5.1.4 A default under any other document or agreement secured hereby, subject to any applicable cure period; or

5.1.5 Authority exercises Authority's right to cure a default by Developer under the Primary Loan or other financing senior to the City DA Fee Deferral Loan and Developer does not reimburse Authority for the cost to cure such default within ten (10) days following written demand for payment from Authority.

5.2 Acceleration Upon Default; Additional Remedies. Upon the occurrence and during the continuance of a Default, Beneficiary may, at its option, terminate its obligations under the Project Documents and declare all Secured Obligations to be immediately due and payable without any presentment, demand, protest or further notice of any kind; and whether or not Beneficiary exercises said option, Beneficiary may:

5.2.1 Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Site, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to complete the construction of the Improvements on the Land, to preserve the value, marketability or rentability of the Site, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Site, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any Secured Obligations, all in such order as Beneficiary may determine. The entering upon and taking possession of the Site, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession by Trustee, Beneficiary or a receiver of all or any portion of the Site or the collection, receipt and application of any of the Rents, the Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Project Documents or by law upon occurrence of any Default, including the right to exercise the power of sale;

5.2.2 Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants contained herein;

5.2.3 Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Site to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Site are located;

5.2.4 Exercise any and/or all of the rights and remedies available to a secured party under the California Uniform Commercial Code in such order and in such manner as Beneficiary, in its sole discretion, may determine (including, without limitation, requiring Trustor to assemble the collateral and make the collateral available to Beneficiary at a reasonably convenient location); provided, however, that the expenses of retaking, holding, preparing for sale or the like as provided thereunder shall include reasonable attorneys' fees and other expenses of Beneficiary and Trustee and shall be additionally secured by this Deed of Trust; and/or

5.2.5 Exercise all other rights and remedies provided herein, in any Project Document or other document or agreement now or hereafter securing all or any portion of the obligations secured hereby, or provided by law or in equity.

5.3 Foreclosure By Power of Sale.

5.3.1 Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

5.3.2 Upon receipt of notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as is then required by law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Site at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items and in such order as Beneficiary may direct Trustee so to do, at public auction to the highest bidder for cash in lawful money of the United States of America payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matter or fact shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

5.3.3 After deducting all fees, costs and expenses incurred by Beneficiary or Trustee in connection with such sale, including costs of evidence of title, Beneficiary shall apply the proceeds of sale in the following priority, to payment of (i) first, all amounts expended under the terms hereof, not then repaid, with accrued interest at the Alternate Rate; (ii) second, all other Secured Obligations; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

5.3.4 Subject to applicable law, Trustee may postpone the sale of all or any portion of the Site by public announcement at the time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

5.3.5 A sale of less than the whole of the Site or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein; and subsequent sales may be made hereunder until all obligations secured hereby have been satisfied, or the entire Site sold, without defect or irregularity.

5.4 Appointment of Receiver. Upon the occurrence of a Default under this Deed of Trust, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Site or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Site, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein and

shall continue as such and exercise all such powers until the date of confirmation of sale of the Site unless such receivership is sooner terminated.

5.5 Application of Funds after Default. Except as otherwise herein provided, upon the occurrence of a Default hereunder, Beneficiary may, at any time without notice, apply any or all sums or amounts received and held by Beneficiary to pay insurance premiums, Impositions, or either of them, or as rents or income of the Site, or as insurance or condemnation proceeds, and all other sums or amounts received by Beneficiary from or on account of Trustor or the Site, or otherwise, upon any Secured Obligation, in such manner and order as Beneficiary may elect, notwithstanding that such Secured Obligation may not yet be due. The receipt, use or application of any such sum or amount shall not be construed to affect the maturity of any indebtedness secured by this Deed of Trust, or any of the rights or powers of Beneficiary or Trustee under the terms of the Project Documents, or any of the obligations of Trustor or any guarantor under the Project Documents; or to cure or waive any default or notice of default under any of the Project Documents; or to invalidate any act of Trustee or Beneficiary.

5.6 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligation secured hereby and to exercise all rights and powers under this Deed of Trust or under any Project Document or other agreement or any law now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by guaranty, mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security for the obligations hereby secured now or hereafter held by Beneficiary or Trustee in such order and manner as they may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein, or granted to Beneficiary under any other agreement, or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or granted to Beneficiary under any other agreement, or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Project Documents to the Trustee or Beneficiary or to which either of them may be otherwise entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee or Beneficiary, and either of them may pursue inconsistent remedies. Trustor may be joined in any action brought by Beneficiary to foreclose under or otherwise enforce this Deed of Trust.

5.7 Request for Notice of Default. Trustor hereby requests that a copy of any notice of default and that a copy of any notice of sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

ARTICLE VI

MISCELLANEOUS

6.1 Amendments. This instrument cannot be waived, modified, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, modification, discharge or termination is sought.

6.2 Waivers. Trustor waives, to the extent permitted by law, (i) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisalment before sale of any portion of the Site, and, whether now existing or hereafter arising or created, (ii) all rights of valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created, and (iii) all rights and remedies which Trustor may have or be able to assert by reason of the laws of the State of California pertaining to the rights and remedies of sureties: provided, however, nothing contained herein shall be deemed to be a waiver of Trustor's rights under Section 2924, 2924b and 2924c of the California Civil Code, or under Sections 580a or 726 of the California Code of Civil Procedure.

6.3 Statements by Trustor. Trustor shall, within twenty (20) days after notice thereof from Beneficiary, deliver to Beneficiary a written statement setting forth the amounts Trustor understands to be unpaid and secured by this Deed of Trust and stating whether any offset or defense exists against such amounts.

6.4 Statements by Beneficiary. For any statement or accounting requested by Trustor or any other entitled person pursuant to Section 2943 or Section 2954 of the California Civil Code or pursuant to any other provision of applicable law, or for any other document or instrument furnished to Trustor by Beneficiary, Beneficiary may charge the maximum amount permitted by law at the time of the request therefor, or if there be no such maximum, then in accordance with Beneficiary's customary charges therefor or the actual cost to Beneficiary therefor, whichever is greater.

6.5 Reconveyance by Trustee. Upon written request of Beneficiary stating that all Secured Obligations have been paid and fully performed, and upon surrender by Beneficiary of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees and the costs and expenses of executing and recording any requested reconveyance, Trustee shall reconvey to the person or persons legally entitled thereto, without warranty, any portion of the Site then held hereunder. The recitals in any such reconveyance of any matter or fact shall be conclusive proof of the truthfulness thereof. The grantee in any such reconveyance may be described as "the person or persons legally entitled thereto."

6.6 Notices. All notices, demands, approvals and other communications provided for herein shall be in writing and shall be personally delivered, delivered by reputable overnight courier service or mailed by United States mail, as certified or registered material, return receipt requested, postage prepaid, to the appropriate party at the address set forth in the first paragraph of this Deed of Trust. Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received: provided, however, that non-receipt of any communication as the result of a change of address of which the pending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

A copy of each notice, demand, approval and communication directed to the Trustor shall be provided to the Tax Credit Investor at the following address: 101 Arch Street, Boston, MA 02110.

6.7 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

6.8 Headings. Article and Section headings are included in this Deed of Trust for convenience of reference only and shall not be used in construing this Deed of Trust.

6.9 Severability. Every provision of this Deed of Trust is intended to be severable. In the event any provision hereof is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions hereof, which provisions shall remain binding and enforceable.

6.10 Subrogation. To the extent that proceeds of the Note are used, either directly or indirectly, to pay any outstanding lien, charge or prior encumbrance against the Site, Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether such liens, charges or encumbrances are released.

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

6.12 Statute of Limitations. The right to plead, use or assert any statute of limitations as a plea, defense or bar of any kind, or for any purpose, to any obligation secured hereby, or to any complaint or other pleading or proceeding filed, instituted or maintained for the purpose of enforcing this Deed of Trust or any rights hereunder, is hereby waived by Trustor to the full extent permitted by law.

6.13 Interpretation. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires; and the word "person" shall include corporation, partnership or other form of association. Any reference in this Deed of Trust to any document, instrument or agreement creating or evidencing an obligation secured hereby shall include such document, instrument or agreement both as originally executed and as it may from time to time be modified.

6.14 Trust Irrevocable. The trust created hereby is irrevocable by Trustor. All amounts payable by Trustor pursuant to this Deed of Trust shall be paid without notice (except where notice is expressly required), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Trustor hereby waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any amount secured hereby and payable by Trustor to Beneficiary or Trustee.

6.15 Further Assurances. Trustor agrees to do or cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments, as Beneficiary or Trustee may reasonably require to correct any defect, error or omission in this Deed of Trust or the execution or acknowledgment of

this Deed of Trust, to subject to the lien of this Deed of Trust any of Trustor's property covered or intended to be covered hereby, to perfect and maintain such lien, to keep valid and effective the charges and lien hereof, to carry into effect the purposes of this Deed of Trust or to better assure and confirm to Beneficiary or Trustee their respective rights, powers and remedies hereunder.

6.16 Trustee's Powers. At any time, and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness or the performance of any other obligation secured hereby or the effect of this Deed of Trust upon the remainder of the Site, Trustee may (i) reconvey all or any part of the Site, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement, agreement subordinating the lien or charge hereof, or other agreement or instrument relating hereto or to all or any part of the Site.

6.17 Substitution of Trustee. Beneficiary may, from time to time, by written instrument executed and acknowledged by Beneficiary and recorded in the county or counties where the Site are located, or by any other procedure permitted by applicable law, substitute a successor or successors for the Trustee named herein or acting hereunder.

6.18 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

6.19 Non-Recourse Obligation. In the event of any Default under the terms of the Agreement or any of the other Project Documents, the sole recourse of City under the Agreement for any such Default shall be Developer's interest in the Site and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under the Agreement; provided, however, that the foregoing shall not in any way affect any rights City may have hereunder, or any right of City to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by City as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

IN WITNESS WHEREOF, Trustor has duly executed this Deed of Trust and Assignment of Rents as of the dates set forth below.

“TRUSTOR”

GARDEN GROVE HOUSING PARTNERS LP,
a California limited partnership

By: JHC-GARDEN GROVE LLC,
a California limited liability company,
Its General Partner

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

By: _____
Marcy V. Finamore, Executive Vice
President and Chief Financial Officer

EXHIBIT "A" TO ATTACHMENT NO. 25

LEGAL DESCRIPTION

PARCEL A:

PARCEL 2, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-487987, OFFICIAL RECORDS.

PARCEL B:

THOSE PORTIONS OF STANFORD AVENUE AND MAIN STREET, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, ADJOINING PARCEL 2 ON THE NORTH AND EAST, AS SHOWN ON A PARCEL MAP FILED IN BOOK 137, PAGES 27 AND 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THAT CERTAIN COURSE IN THE BOUNDARY OF SAID PARCEL 2 SHOWN AS "NORTH 0° 53' 09" 233.25 FEET" ON SAID PARCEL MAP AND BOUNDED SOUTHERLY BY THE EASTERLY PROLONGATION OF THAT CERTAIN COURSE SHOWN AS "NORTH 89° 23' 30" EAST 281.00 FEET" ON SAID PARCEL MAP.

PARCEL C:

THE WEST 110 FEET OF THE EAST 210 FEET OF THE NORTH 2 ACRES OF THE WEST HALF (W½) OF THE NORTHEAST QUARTER (NE¼) OF THE SOUTHEAST QUARTER (SE¼) OF THE SOUTHEAST QUARTER (SE¼) OF SECTION THIRTY-TWO (32), IN TOWNSHIP FOUR (4) SOUTH, RANGE TEN (10) WEST, SAN BERNARDINO BASE AND MERIDIAN.

APN(s): 089-202-28 and 089-202-54

EXHIBIT "B" TO ATTACHMENT NO. 25

**CERTIFICATE OF ACCEPTANCE
City DA Fee Deferral Loan Deed of Trust**

This is to certify that the interest in real property conveyed by the foregoing Deed of Trust dated June __, 2015 from GARDEN GROVE HOUSING PARTNERS LP to the CITY OF GARDEN GROVE, a municipal corporation ("City"), is hereby accepted by the undersigned officer on behalf of City pursuant to authority conferred by the City Council on June 23, 2015, and City, as beneficiary, consents to recordation thereof by its duly authorized officer.

Dated : _____

CITY:

CITY OF GARDEN GROVE,
a municipal corporation

By: _____
City Manager

ATTEST:

**KATHLEEN BAILOR,
CITY CLERK**

City Clerk

APPROVED AS TO FORM:

**WOODRUFF, SPRADLIN & SMART,
CITY ATTORNEY**

Thomas Nixon

STRADLING YOCCA CARLSON & RAUTH

Special Counsel

COOPERATION AGREEMENT
(JHC/UMC Senior/Multi-Family Apartments Project)

This **COOPERATION AGREEMENT** (JHC/UMC Senior/Multi-Family Apartments Project) (“Cooperation Agreement”) dated as of June 23, 2015 (“Date of Agreement”), is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation (“City”), and the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic (“Authority”).

RECITALS

A. City is a California general law city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development (“HUD”) that has received funds (“HOME Funds”) from HUD pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92, as amended by the “2013 HOME Final Rule” at 24 CFR Part 92 (Complete Rule) http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl (together, “HOME Program”). The HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and lower income households in accordance with the HOME Program. The HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families.

B. Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code (“HAL”); further, Authority serves as the “housing successor” to the former Garden Grove City for Community Development, a dissolved redevelopment agency pursuant to Part 1.85 of Division 24 of the Health and Safety Code, in particular Sections 34176 and 34176.1 (“Dissolution Law” or “Housing Successor Law”).

C. As of the Date of Agreement, JHC-Acquisitions LLC (“JHC-A”) has entered into an Option to Lease Agreement (“Option Agreement”) dated as of November 20, 2014 with the Garden Grove United Methodist Church (“UMC”) for the lease of certain parcels of real property commonly known as 10882 Stanford Avenue and 12741 Main Street in the City (“Site”).

D. JHC-A has assigned or will assign concurrently with this Cooperation Agreement all of its rights and obligations under the Option Agreement to an affiliate of JHC-A, Garden Grove Housing Partners LP, a California limited partnership (“Developer”).

E. Developer desires and intends to redevelop the Site by constructing, operating, managing and maintaining a 47-unit multi family, mixed use affordable housing project for Senior Citizens Households and Non-Senior/Family Households of Low Income (59% AMI) and Very Low Income (50% AMI), along with a new Preschool Center and ancillary commercial/retail space (initial use as the leasing office) (together, the “Project”).

F. Garden Grove Housing Partners LP, a California limited partnership and an affiliate of JHC ("Developer") will ground lease the Site from UMC for a 60-year term for development and operation of the Project.

G. The Project will consist of two primary buildings, one building with 16 Housing Units for Senior Citizen Households and the other with 30 units for Non-Senior/Family Households, with 13 units at Affordable Rent to 50% AMI Very Low Income Households, 33 units at Affordable Rent to qualified 59% AMI Low Income Households, and 11 of the 46 Housing Units will be covenanted and designated as HOME Units, with a required allocation between Senior Citizen Housing Units and the Non Senior/Family Housing Units, all as more fully set forth in that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Senior/Multi-Family Apartments Project) ("HOME Agreement") of even date herewith.

H. Capitalized terms used in this Cooperation Agreement are as defined in the HOME Agreement or as otherwise defined herein.

I. All or a portion of the HOME Funds proposed to be contributed to the Project under the HOME Agreement have been reserved for investment only in housing to be owned, developed or sponsored by a community housing development organization ("CHDO") pursuant to and as defined in the HOME Program. The sole member of the managing general partner of the Developer entity is Jamboree Housing Corporation, a California corporation, which is the parent corporation of both JHC-A and the Developer entity, and a qualified CHDO under the HOME Regulations.

J. Under the HOME Agreement, City and Authority will be providing Developer several loans, including (i) the HOME Loan of \$2,010,561 sourced from the City's HOME Funds ("HOME Loan"), (ii) the Additional Authority Loan of \$1,600,000, and (iii) the City DA Fee Deferral Loan that will defer certain City development impact fees in the amount of \$90,052.

K. Authority and the City (each, a "Party" and together, the "Parties") desire to assist with the Project. To this end, the City desires to make available and transfer to the Authority by this Cooperation Agreement \$2,010,561 of HOME Funds to enable the Authority to provide and fund the HOME Loan to the Developer under the HOME Agreement. The HOME Agreement sets forth the specific terms and conditions under which the Authority will make the HOME Loan for the Project.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

Section 1. TRANSFER OF FUNDS BY CITY TO AUTHORITY. City agrees to transfer to Authority Two Million Ten Thousand Five Hundred Sixty One Dollars (\$2,010,561) of HOME Funds ("Project Funds") held by the City to enable the Authority to make the HOME Loan to the Developer for the Project. Subject to approval and execution of the HOME Agreement, City shall make the Project Funds available to the Authority for the Project. Authority shall not disburse the Project Funds to the Developer until the Authority has confirmed that the Developer has satisfied all of the Conditions Precedent to the disbursement of the HOME Loan pursuant to HOME Agreement; provided that the Authority Director may waive, defer or modify such Conditions Precedent in accordance with the authority granted by the Authority's governing board.

(a) Further, Authority covenants and agrees to use the Project Funds (i) in strict conformance with Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701-12839) and the HOME Program Regulations codified at 24 CFR Part 92, as amended by the 2013 HOME Final Rule, and (ii) to implement the HOME Agreement in order to expand the supply of decent, safe, sanitary and affordable housing for Very Low Income and Low Income Senior Citizen and Non-Senior Households.

(b) This Agreement does not constitute a “commitment” of HOME Funds, as the term “commitment” is defined in 24 CFR 92.2; provided however, that the HOME Agreement is intended to be a commitment of such funds..

Section 2. LIABILITY AND INDEMNIFICATION. In contemplation of the provision of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895.4 and 895.6 of such Code, each of the Parties, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of such Code, will each assume the full liability imposed on it, or any of its officers, agents, or employees by law for injury caused by negligent or wrongful act or omission occurring in the performance of this Cooperation Agreement to the same extent that such liability would be imposed in the absence of Section 895.2 of such Code.

(a) To achieve the above-stated purposes, each Party indemnifies and holds harmless the other Party for any loss, costs or expense that may be imposed upon such other Party solely by virtue of such Section 895.2. The provisions of Section 2778 of the California Civil Code are made part hereof as if fully set forth herein.

Section 3. EFFECTIVE DATE. This Agreement shall take effect from and after the date of approval hereof by the Authority Board and the City Council.

Section 4. TERMINATION. If the HOME Agreement is terminated prior disbursement of the HOME Loan proceeds, then this Cooperation Agreement shall also be terminated and neither Party shall have any obligation to the other as a result of this Cooperation Agreement.

Section 5. REPRESENTATIONS AND WARRANTIES

(a) *Representations and Warranties of Authority.* Authority hereby represents and warrants to City as follows:

(i) Authority of Anaheim Housing Authority. Authority represents and warrants to City it is a public body, corporate and politic, duly existing pursuant to the HAL, and it has been authorized to transact business pursuant to action of the City Council. Authority has full power and authority to execute and deliver this Cooperation Agreement and to accept the funds contemplated hereunder, to execute and deliver documents or instruments, if any, executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement, and to perform and observe the terms and provisions of all of the above.

(ii) Authority of Persons Executing Documents. This Cooperation Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement have been executed and delivered by persons who

are duly authorized to execute and deliver the same for and on behalf of Authority, and all actions required under Authority's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Cooperation Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Cooperation Agreement, have been duly taken.

(b) *Representations and Warranties of City.* City represents and warrants to Authority that it is a general law city and municipal corporation. City has full right, power and lawful authority to enter into this Cooperation Agreement and the execution, performance and delivery of this Cooperation Agreement by City, and persons on behalf of City, have been fully authorized by all requisite actions on the part of the City Council.

Section 6. DEFAULT AND REMEDIES.

(a) *Events of Default.* Failure by either Party to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Cooperation Agreement shall be an Event of Default. The Party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. If the default is not commenced to be cured within thirty (30) days after service of such notice of default and is not cured promptly in a continuous diligent manner in a reasonable period of time after commencement, the defaulting Party shall be liable for any damages caused by such default, and the non defaulting Party may thereafter commence action for damages with respect to such default or for specific performance of this Cooperation Agreement.

(b) *Remedies.* The occurrence of an Event of Default by Authority that is not cured within the time set forth herein shall relieve City of any obligation to disburse the Project Funds. The Authority may seek specific performance of this Cooperation Agreement for City's failure to provide the Project Funds. The non defaulting Party may seek money damages or any other remedy available at law or equity against the defaulting Party for an Event of Default hereunder.

Section 7. MISCELLANEOUS

(a) *Time.* Time is of the essence in this Cooperation Agreement.

(b) *Notices.* Any notice requirement set forth herein shall be deemed to be satisfied as follows: (i) three (3) days after mailing of the notice first class United States certified mail, postage prepaid, or (ii) the next business day after the notice or communication has been delivered by hand or sent by telecopy or overnight delivery service, addressed to the appropriate Party. The designated person for delivery of notices hereunder shall be as follows: (i) to the City Manager for notices to City, and (ii) to the Authority Director for notices to Authority.

(c) *Attorneys' Fees.* If either Party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing Party shall be entitled to recover from the other Party its costs of suit and reasonable attorneys' fees.

(d) *No Third Parties Benefited.* This Cooperation Agreement is made and entered into for the sole protection and benefit of City, its successors and assigns, and the Authority, its successors and assigns, and no other person or persons shall have the right of action hereon.

(e) *Successors and Assigns.* The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that no assignment of Authority's rights hereunder shall be made, voluntarily or by operation of law, without the prior written consent of City and that any such assignment without said consent shall be void.

(f) *Construction of Words.* Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

(g) *Partial Invalidity.* If any provision of this Cooperation Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(h) *Governing Law.* This Cooperation Agreement and any instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California.

(i) *Amendment.* This Cooperation Agreement may not be changed orally, but only by agreement in writing signed by Authority and City.

(j) *Captions and Headings.* Captions and headings in this Cooperation Agreement are for convenience of reference only, and are not to be considered in construing the Cooperation Agreement.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS COOPERATION AGREEMENT (JHC/UMC Senior/Multi-Family Apartments Project) AS OF THE RESPECTIVE DATES SET FORTH BELOW.

“CITY”

CITY OF GARDEN GROVE
a municipal corporation

Dated: June 23, 2015

By: _____
Mayor

ATTEST:

KATHLEEN BAILOR, CITY CLERK

City Clerk

APPROVED AS TO FORM:

WOODRUFF, SPRADLIN & SMART

Thomas Nixon, City Attorney

[Signature block for Cooperation Agreement continued on next page]

[Signature block for Cooperation Agreement continued from previous page]

AUTHORITY:

GARDEN GROVE HOUSING AUTHORITY,
a public body, corporate and politic

Dated: June 23, 2015

By: _____
Chair

ATTEST:

KATHLEEN BAILOR, AUTHORITY SECRETARY

Authority Secretary

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Celeste Stahl Brady, Authority Counsel

GARDEN GROVE CITY COUNCIL**RESOLUTION NO.****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AUTHORIZING AND APPROVING A COOPERATION AGREEMENT BETWEEN THE CITY AND THE GARDEN GROVE HOUSING AUTHORITY; AUTHORIZING AND APPROVING A HOME FUNDS COMMITMENT AND AGREEMENT (GARDEN GROVE UNITED METHODIST CHURCH SENIOR/MULTI-FAMILY APARTMENTS PROJECT); AMONG THE CITY, THE AUTHORITY AND THE DEVELOPER; AND MAKING CERTAIN DETERMINATIONS AND APPROVALS IN CONNECTION THEREWITH**

WHEREAS, the City of Garden Grove ("City") is a California general law city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development ("HUD") that has received funds ("HOME Funds") from HUD pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92, as amended by the "2013 HOME Final Rule" at 24 CFR Part 92 (together, "HOME Program");

WHEREAS, the HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and lower income households in accordance with the HOME Program; and, the HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families;

WHEREAS, the Garden Grove Housing Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code ("HAL"); further, Authority serves as the "housing successor" to the former Garden Grove Agency for Community Development, a dissolved redevelopment agency pursuant to Part 1.85 of Division 24 of the Health and Safety Code, in particular Sections 34176 and 34176.1 ("Dissolution Law" or "Housing Successor Law");

WHEREAS, JHC-Acquisitions LLC ("JHC-A") has entered into an Option to Lease Agreement ("Option Agreement") dated as of November 20, 2014, with the Garden Grove United Methodist Church ("UMC") for the lease of certain parcels of real property commonly known as 10882 Stanford Avenue and 12741 Main Street, Garden Grove ("Site");

WHEREAS, JHC-A has assigned or will assign in connection with such Option Agreement and the subject transaction all of its rights and obligations under the Option Agreement to an affiliate of JHC-A, Garden Grove Housing Partners LP, a California limited partnership ("Developer");

WHEREAS, Developer desires and intends to redevelop the Site by constructing, operating, managing and maintaining a 47-unit multi family, mixed use affordable housing

project for Senior Citizens Households and Non-Senior/Family Households of Low Income (59% AMI) and Very Low (50% AMI), along with a new Preschool Center and ancillary commercial/retail space (initial use as the leasing office) (together, the "Project");

WHEREAS, Garden Grove Housing Partners LP, a California limited partnership and an affiliate of JHC ("Developer") will ground lease the Site from UMC for a 60-year term for development and operation of the Project;

WHEREAS, the Project will consist of two primary buildings, one building with 16 Housing Units for Senior Citizen Households and the other with 30 units for Non-Senior/Family Households, with 13 units at Affordable Rent to 50% AMI Very Low Income Households, 33 units at Affordable Rent to qualified 59% AMI Low Income Households, and 11 of the 46 Housing Units will be covenanted and designated as HOME Units, with a required allocation between Senior Citizen Housing Units and the Non Senior/Family Housing Units, all as more fully set forth in that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Senior/Multi-Family Apartments Project) ("HOME Agreement") of even date herewith;

WHEREAS, capitalized terms used in this resolution are as defined in the HOME Agreement or as otherwise defined herein;

WHEREAS, all or a portion of the HOME Funds to be contributed to the Project under the HOME Agreement have been reserved for investment only in housing to be owned, developed or sponsored by a community housing development organization ("CHDO") pursuant to and as defined in the HOME Regulations, and because JHC-A is a qualified CHDO and the managing member of the general partnership Developer entity;

WHEREAS, under the HOME Agreement, City and Authority desire to provide Developer several loans, including (i) the HOME Loan of \$2,010,561 sourced from the City's HOME Funds, which funds are to be transferred through the Cooperation Agreement between the City to the Authority ("HOME Loan"), and a portion of the proceeds of the HOME Loan will be advanced into Escrow to pay for ground rent or Eligible Predevelopment Expenses, (ii) the Additional Authority Loan of \$1,600,000, and (iii) the City DA Fee Deferral Loan that will defer certain City development impact fees in the amount of \$90,052;

WHEREAS, City desires to make available and transfer to the Authority by that certain "Cooperation Agreement" the sum of \$2,010,561 of HOME Funds to enable the Authority to provide and fund the HOME Loan to the Developer under the HOME Agreement;

WHEREAS, the disbursement of the HOME Loan amount by City to Authority and the agreement of Authority and City to perform under the Cooperation Agreement and HOME Agreement further the governmental interests of each of the City and the Authority;

WHEREAS, the Cooperation Agreement and HOME Agreement both further the general health, safety and welfare of the inhabitants of the City;

WHEREAS, on December 4, 2014, the Planning Commission of the City recommended approval of the land use entitlement for the Project; on January 13, 2015, the

City Council adopted Resolution No. 9268-15 approving General Plan Amendment No. GPA-001-2014 changing the General Plan Use Designation from Medium Density Residential to Civic Center Mixed Use; and on January 27, 2015, the City Council approved Development Agreement No. DA-001-2014 by adoption of Garden Grove Ordinance No. 2853, with construction of the Project subject to the development standards of the Civic Center-Core (CC-3) zone; and, further, following a duly noticed Public Hearing, the City Council adopted Resolution No. 9267-15 during its meeting on January 13, 2015, adopting a Mitigated Negative Declaration and Mitigation Monitoring Program for the Project pursuant to the California Environmental Quality Act, California Public Resources Section 21000, *et seq.* ("CEQA") and CEQA's implementing guidelines, California Code of Regulations, Title 14, Sections 15000, *et seq.*, and the City has also evaluated and approved the Project under the National Environmental Policy Act, 42 U.S.C. 4321, *et seq.* (together, "Entitlement");

WHEREAS, Developer has made application to and received both an allocation of 4% Tax Credits from the California Tax Credit Allocation Committee and an allocation for issuance of certain Housing Bonds from the California Debt Limit Allocation Committee, and with such allocations the Project will be developed, completed and made available for the 55-year Affordability Period with all of the Housing Units leased at an Affordable Rent to 50% AMI Very Low Income and 59% AMI Low Income Seniors and Non-Senior/Families;

WHEREAS, the Legislature has declared in Health and Safety Code Section 36000, *et seq.* that new forms of cooperation with the private sector, such as leased housing, disposition of real property acquired through redevelopment, development approvals, property tax exemptions, and relocation assistance, and other forms of housing assistance may involve close participation with the private sector in meeting housing needs, without amounting to development, construction or acquisition of low rent housing projects as contemplated under Article XXXIV of the State Constitution;

WHEREAS, the City Council and Authority jointly and severally desire by this Resolution to approve the HOME Agreement and Cooperation Agreement related to development and operation of the Project;

WHEREAS, the City and Authority's participation and subsidies to the Project will be in the public interest in that it will increase the number of affordable housing units within the City and carry out the objectives of the City's Housing Element of its General Plan;

WHEREAS, statutory and case law permits development of many kinds of low income housing that are not characterized as a low rent housing project and therefore do not require Article XXXIV 34 voter authorization;

WHEREAS, in particular, Health and Safety Code Section 37000, *et seq.* specifically exempts certain types of developments from the requirements of Article XXXIV, including without limitation: (i) replacement of existing low income housing units or units previously occupied by lower-income households (ii) improvement of an affordable housing development that is subject to a contract that provides federal or state public body assistance for the purpose of and to cause development of an affordable housing project, and (iii) providing subordinate financing secured by a deed of trust, each of which exceptions are applicable to the Project; and

WHEREAS, the City desires to approve the Cooperation Agreement and the HOME Agreement by this Resolution, and authorize the Interim City Manager and Interim Authority Director (and the City Manager and Authority Director who will be appointed after the approval of this Resolution), as and if necessary, to negotiate and enter into one or more "Implementation Agreement(s)" that may be required for implementation of the HOME Agreement, and make certain other findings.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES:

1. The foregoing recitals are true and correct and are a substantive part of this resolution.

2. The City and Authority's participation in the financing of the Project and the provision of replacement housing units in implementation of the Limon Judgment meet statutory exceptions to, and do not constitute development, construction or acquisition of a low-rent housing project within the meaning of, Article XXXIV of the State Constitution; in any event, this Resolution is intended to and constitutes an approval within the meaning of California Health and Safety Code Section 36005 of a development that may result in housing assistance benefiting persons of low income.

3. The City Council hereby approves the Cooperation Agreement between the City and Authority, and the HOME Agreement among the City, the Authority and the Developer, with such changes as may be mutually agreed upon by the Interim City Manager and Interim Authority Director (and the City Manager and Authority Director who will be appointed after the approval of this Resolution), and his duly authorized representative(s), the City Attorney and Special Counsel, and as to the HOME Agreement, the Developer, respectively, as are minor and in substantial conformance with the form of the Cooperation Agreement (Attachment No. 1 hereto) and the HOME Agreement (Attachment No. 2 hereto) submitted herewith. The Mayor, Interim City Manager and City Manager, City Clerk and their duly authorized representatives (together, "Authorized Officers") are hereby authorized, as applicable, to execute and attest the Cooperation Agreement and HOME Agreement, including any related attachments, on behalf of the City. In such regard, the Authorized Officers are authorized to sign or attest the final version of the Cooperation Agreement and HOME Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Cooperation Agreement and HOME Agreement, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the Authorized Officers are authorized to implement the Cooperation Agreement and HOME Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the transaction contemplated by the Cooperation Agreement and HOME Agreement, including all exhibits thereto. The Authorized Officers are also authorized to the extent necessary during the implementation of the Cooperation Agreement and HOME Agreement to make technical or minor changes and interpretations of the Cooperation Agreement and the HOME Agreement after execution, as necessary to properly implement and carry out the Cooperation Agreement and HOME Agreement, including all exhibits thereto, provided any and all such changes shall not in any manner materially affect the rights and obligations of the City under the Cooperation Agreement and HOME Agreement.

4. The Authorized Officers, on behalf of the City, are hereby authorized and directed to take all actions necessary or convenient to implement the Cooperation Agreement and HOME Agreement.

5. The Authorized Officers are hereby authorized to negotiate and enter into one or more "Implementation Agreement(s)" that may be required in connection with the further implementation of the HOME Agreement, subject to review and approval by the City Attorney or special counsel; and, provided each Implementation Agreement, if any, shall not in any manner materially affect the rights and obligations of the City under the Cooperation Agreement and HOME Agreement, and if so then review and action by the City Council will be required.

6. The Entitlement included all necessary findings and actions required by CEQA and NEPA for the development of the Project.

7. The City Clerk shall certify to the adoption of this Resolution.

ATTACHMENT NO. 1
COOPERATION AGREEMENT
(ATTACHED)

ATTACHMENT NO. 2
HOME AGREEMENT
(ATTACHED)

GARDEN GROVE HOUSING AUTHORITY

RESOLUTION NO. _____

A RESOLUTION OF THE GARDEN GROVE HOUSING AUTHORITY AUTHORIZING AND APPROVING A COOPERATION AGREEMENT BETWEEN THE CITY OF GARDEN GROVE AND THE HOUSING AUTHORITY; AUTHORIZING AND APPROVING A HOME FUNDS COMMITMENT AND AGREEMENT (GARDEN GROVE UNITED METHODIST CHURCH SENIOR/MULTI-FAMILY APARTMENTS PROJECT) AMONG THE CITY, THE AUTHORITY AND THE DEVELOPER; AND MAKING CERTAIN DETERMINATIONS AND APPROVALS IN CONNECTION THEREWITH

WHEREAS, the City of Garden Grove ("City") is a California general law city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development ("HUD") that has received funds ("HOME Funds") from HUD pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92, as amended by the "2013 HOME Final Rule" at 24 CFR Part 92 (together, "HOME Program");

WHEREAS, the HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing; with primary attention to housing for very low income and lower income households in accordance with the HOME Program; and, the HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families;

WHEREAS, the Garden Grove Housing Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code ("HAL"); further, Authority serves as the "housing successor" to the former Garden Grove Agency for Community Development, a dissolved redevelopment agency pursuant to Part 1.85 of Division 24 of the Health and Safety Code, in particular Sections 34176 and 34176.1 ("Dissolution Law" or "Housing Successor Law");

WHEREAS, JHC-Acquisitions LLC ("JHC-A") has entered into an Option to Lease Agreement ("Option Agreement") dated as of November 20, 2014, with the Garden Grove United Methodist Church ("UMC") for the lease of certain parcels of real property commonly known as 10882 Stanford Avenue and 12741 Main Street, Garden Grove ("Site");

WHEREAS, JHC-A has assigned or will assign in connection with such Option Agreement and the subject transaction all of its rights and obligations under the Option Agreement to an affiliate of JHC-A, Garden Grove Housing Partners LP, a California limited partnership ("Developer");

WHEREAS, Developer desires and intends to redevelop the Site by constructing, operating, managing and maintaining a 47-unit multi family, mixed use affordable housing

project for Senior Citizens Households and Non-Senior/Family Households of Low Income (59% AMI) and Very Low (50% AMI), along with a new Preschool Center and ancillary commercial/retail space (initial use as the leasing office) (together, the "Project");

WHEREAS, Garden Grove Housing Partners LP, a California limited partnership and an affiliate of JHC ("Developer") will ground lease the Site from UMC for a 60-year term for development and operation of the Project;

WHEREAS, the Project will consist of two primary buildings, one building with 16 Housing Units for Senior Citizen Households and the other with 30 units for Non-Senior/Family Households, with 13 units at Affordable Rent to 50% AMI Very Low Income Households, 33 units at Affordable Rent to qualified 59% AMI Low Income Households, and 11 of the 46 Housing Units will be covenanted and designated as HOME Units, with a required allocation between Senior Citizen Housing Units and the Non Senior/Family Housing Units, all as more fully set forth in that certain HOME Funds Commitment and Agreement (Garden Grove United Methodist Church Senior/Multi-Family Apartments Project) ("HOME Agreement") of even date herewith;

WHEREAS, capitalized terms used in this resolution are as defined in the HOME Agreement or as otherwise defined herein;

WHEREAS, all or a portion of the HOME Funds to be contributed to the Project under the HOME Agreement have been reserved for investment only in housing to be owned, developed or sponsored by a community housing development organization ("CHDO") pursuant to and as defined in the HOME Regulations, and because JHC-A is a qualified CHDO and the managing member of the general partnership Developer entity;

WHEREAS, under the HOME Agreement, City and Authority desire to provide Developer several loans, including (i) the HOME Loan of \$2,010,561 sourced from the City's HOME Funds, which funds are to be transferred through the Cooperation Agreement between the City to the Authority ("HOME Loan"), and a portion of the proceeds of the HOME Loan will be advanced into Escrow to pay for ground rent or Eligible Predevelopment Expenses, (ii) the Additional Authority Loan of \$1,600,000, (ii) the Additional Authority Loan of \$1,600,000, and (iii) the City DA Fee Deferral Loan that will defer certain City development impact fees in the amount of \$90,052;

WHEREAS, City desires to make available and transfer to the Authority by that certain "Cooperation Agreement" the sum of \$2,010,561 of HOME Funds to enable the Authority to provide and fund the HOME Loan to the Developer under the HOME Agreement;

WHEREAS, the disbursement of the HOME Loan Amount by City to Authority and the agreement of Authority and City to perform under the Cooperation Agreement and HOME Agreement further the governmental interests of each of the City and the Authority;

WHEREAS, the Cooperation Agreement and HOME Agreement both further the general health, safety and welfare of the inhabitants of the City;

WHEREAS, on December 4, 2014, the Planning Commission of the City recommended approval of the land use entitlement for the Project; on January 13, 2015, the City Council adopted Resolution No. 9268-15 approving General Plan Amendment No. GPA-001-2014 changing the General Plan Use Designation from Medium Density Residential to Civic Center Mixed Use; and on January 27, 2015, the City Council approved Development Agreement No. DA 001 2014 by adoption of Garden Grove Ordinance No. 2853, with construction of the Project subject to the development standards of the Civic Center-Core (CC-3) zone; and, further, following a duly noticed Public Hearing, the City Council adopted Resolution No. 9267-15 during its meeting on January 13, 2015, adopting a Mitigated Negative Declaration and Mitigation Monitoring Program for the Project pursuant to the California Environmental Quality Act, California Public Resources Section 21000, *et seq.* ("CEQA") and CEQA's implementing guidelines, California Code of Regulations, Title 14, Sections 15000, *et seq.*, and the City has also evaluated and approved the Project under the National Environmental Policy Act, 42 U.S.C. 4321, *et seq.* (together, "Entitlement");

WHEREAS, Developer has made application to and received both an allocation of 4% Tax Credits from the California Tax Credit Allocation Committee and an allocation for issuance of certain Housing Bonds from the California Debt Limit Allocation Committee, and with such allocations the Project will be developed, completed and made available for the 55-year Affordability Period with all of the Housing Units leased at an Affordable Rent to 50% AMI Very Low Income and 59% AMI Low Income Seniors and Non-Senior/Families;

WHEREAS, the Legislature has declared in Health and Safety Code Section 36000, *et seq.* that new forms of cooperation with the private sector, such as leased housing, disposition of real property acquired through redevelopment, development approvals, property tax exemptions, and relocation assistance, and other forms of housing assistance may involve close participation with the private sector in meeting housing needs, without amounting to development, construction or acquisition of low rent housing projects as contemplated under Article XXXIV of the State Constitution;

WHEREAS, the City Council and Authority jointly and severally desire by this Resolution to approve the HOME Agreement and Cooperation Agreement related to development and operation of the Project;

WHEREAS, the City and Authority's participation and subsidies to the Project will be in the public interest in that it will increase the number of affordable housing units within the City and carry out the objectives of the City's Housing Element of its General Plan; and

WHEREAS, statutory and case law permits development of many kinds of low income housing that are not characterized as a low rent housing project and therefore do not require Article XXXIV 34 voter authorization;

WHEREAS, in particular, Health and Safety Code Section 37000, *et seq.* specifically exempts certain types of developments from the requirements of Article XXXIV, including without limitation: (i) replacement of existing low income housing units or units previously occupied by lower-income households (ii) improvement of an affordable housing development that is subject to a contract that provides federal or state public body assistance for the purpose of and to cause development of an affordable housing project,

and (iii) providing subordinate financing secured by a deed of trust, each of which exceptions are applicable to the Project; and

WHEREAS, the Authority desires to approve the Cooperation Agreement and the HOME Agreement by this resolution, and authorize the Interim City Manager and Interim Authority Director (and the City Manager and Authority Director who will be appointed after the approval of this Resolution), as and if necessary, to negotiate and enter into one or more "Implementation Agreement(s)" that may be required for implementation of the HOME Agreement, and make certain other findings.

NOW THEREFORE, THE GARDEN GROVE HOUSING AUTHORITY RESOLVES:

1. The foregoing recitals are true and correct and are a substantive part of this resolution.

2. The City and Authority's participation in the financing of the Project and the provision of replacement housing units in implementation of the *Limon* Judgment meet statutory exceptions to, and do not constitute development, construction or acquisition of a low-rent housing project within the meaning of, Article XXXIV of the State Constitution; in any event, this Resolution is intended to and constitutes an approval within the meaning of California Health and Safety Code Section 36005 of a development that may result in housing assistance benefiting persons of low income.

3. The Authority hereby approves the Cooperation Agreement between the City and Authority, and the HOME Agreement among the City, the Authority and the Developer, with such changes as may be mutually agreed upon by the Interim City Manager and Interim Authority Director (and the City Manager and Authority Director who will be appointed after the approval of this Resolution), and his duly authorized representative(s)), the City Attorney and special counsel, and as to the HOME Agreement, the Developer, respectively, as are minor and in substantial conformance with the form of the Cooperation Agreement (Attachment No. 1 hereto) and the HOME Agreement (Attachment No. 2 hereto) submitted herewith. The Authority Chair, Interim Authority Director and Authority Director, Authority Secretary and their duly authorized representatives (together, "Authorized Officers") are hereby authorized to execute and attest the Cooperation Agreement and HOME Agreement, including any related attachments, on behalf of the Authority. In such regard, the Authorized Officers are authorized to sign or attest the final version of the Cooperation Agreement and HOME Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Cooperation Agreement and HOME Agreement, when duly executed and attested, shall be placed on file in the office of the Authority Secretary/City Clerk. Further, the Authorized Officers are authorized to implement the Cooperation Agreement and HOME Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the transaction contemplated by the Cooperation Agreement and HOME Agreement, including all exhibits thereto. The Authorized Officers are also authorized to the extent necessary during the implementation of the Cooperation Agreement and HOME Agreement to make technical or minor changes and interpretations of the Cooperation Agreement and the HOME Agreement after execution, as necessary to properly implement and carry out the Cooperation Agreement and HOME Agreement, including all exhibits thereto, provided

any and all such changes shall not in any manner materially affect the rights and obligations of the Authority under the Cooperation Agreement and HOME Agreement.

4. The Authorized Officers, on behalf of the Authority, are hereby authorized and directed to take all actions necessary or convenient to implement the Cooperation Agreement and HOME Agreement.

5. The Authorized Officers, as and if necessary, are hereby to negotiate and enter into (and the Authority Secretary is authorized to attest) one or more "Implementation Agreement(s)" that may be required in connection with the further implementation of the HOME Agreement, subject to review and approval by the Authority counsel; and, provided each Implementation Agreement, if any, shall not in any manner materially affect the rights and obligations of the Authority under the Cooperation Agreement and HOME Agreement, and if so then review and action by the Authority Board will be required.

6. The Entitlement included all necessary findings and actions required by CEQA and NEPA for the development of the Project.

7. The Authority Secretary shall certify to the adoption of this Resolution.

ATTACHMENT NO. 1
COOPERATION AGREEMENT
(ATTACHED)

ATTACHMENT NO. 2
HOME AGREEMENT
(ATTACHED)