

A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO

TO BE HELD AT 715 EAST BRIER DRIVE
SAN BERNARDINO, CALIFORNIA
September 9, 2025, AT 3:00 P.M.

AGENDA

PUBLIC SESSION

- 1) Call to Order and Roll Call.
- 2) Additions or deletions to the agenda.
- 3) General Public Comment - Any member of the public may address the Board of Commissioners on any matter not on the agenda that is within the subject matter jurisdiction of the Board. To make a comment on a specific agenda item, you may do so during the meeting or, alternatively, please submit your comments via email by 1:00 p.m. on the Tuesday of the Board meeting. Comments should be limited to 250 words or less. Please submit your comments via web at <https://hacsb.com/board-of-commissioners/> or email at publiccomment@hacsb.com. Your comments will be placed into the record at the meeting. Efforts will be made to read the comments into the record, but some comments may not be read due to time limitations.

DISCUSSION CALENDAR

(Public comment is available for each item on the discussion calendar)

- 4) Receive the Executive Director's Report for September 9, 2025.
(Page 1)
- 5) Receive the board building presentation for September 9, 2025, an overview of the Housing Authority of the County of San Bernardino's FY 2025-2026 strategic plan goals.
(Page 2)
- 6) Approve Amendment No. 5 to Employment Agreement between the Housing Authority of the County of San Bernardino and Executive Director Maria Razo.
(Pages 3 - 7)
- 7) Adopt Resolution No. 218 related to the Valencia Grove Phase II transaction:
 - a. Authorizing the implementation of the Restore-Rebuild transaction at Valencia Grove Phase II and authorizing execution of the Housing Assistance Payments (HAP) contract with Redlands Valencia Grove II Associates, LLC following the conversion of the property under the Rental Assistance Demonstration (RAD) program.
 - b. Authorizing and directing the Executive Director to execute and deliver all pertinent documents for this transaction in consultation with legal counsel. (Pages 8 - 59)

- 8) Adopt Resolution No. 219 to do the following related to the Arrowhead Grove Phase IV transaction:
- a. Approve documents related to the lease of the land (the "Lease Documents") including:
 - i. Ground Lease Agreement to be executed by and between HACSB and Arrowhead Grove Phase 4, LP (the "Partnership")
 - ii. Ground Lease Loan from HACSB to Arrowhead Grove Phase 4, LP and documents ancillary to the Ground Lease Loan Agreement including:
 - 1. Promissory Note to be executed by the Partnership
 - 2. Deed of Trust to be executed by the Partnership
 - iii. Subordination Agreement to be executed by and among HACSB, the Partnership and Capital One National Association ("Capital One")
 - iv. Bond Regulatory Agreement and Declaration of Restrictive Covenants to be executed by and between California Statewide Communities Development Authority ("CSCDA") and the Partnership, to be acknowledged by HACSB as ground lessor
 - b. Approve documents required by the U.S. Department of Housing and Urban Development ("HUD") for the Mixed-Finance closing (the "Mixed-Finance Documents") including:
 - i. Mixed-Finance Amendment to Annual Contributions Contract to be executed by and between HACSB and HUD.
 - ii. Declaration of Restrictive Covenants to be executed by and among HACSB, the Partnership, and HUD.
 - iii. Regulatory and Operating Agreement to be executed by and between HACSB and the Partnership.
 - iv. HUD Certifications and Assurances (HUD 50161) to be executed by HACSB.
 - c. Approve documents related to the development of the land (the "Development Documents") including:
 - i. Second Amended and Restated Reciprocal Easement Agreement to be executed by HACSB and acknowledge to by all of the Waterman Gardens limited partnerships.
 - ii. Partial Assignment and Assumption of City Development Agreement to be executed by and among HACSB, the City of San Bernardino (the "City") and the Partnership.
 - iii. Subordination of the City Development Agreement to the Declaration of Restrictive Covenants and the Regulatory and Operating Agreement to be executed by and among HACSB, the Partnership, HUD, and the City as applicable.
 - iv. Temporary License and Construction Agreement to be executed by and between HACSB and National Community Renaissance of California ("CORE").
 - v. Joint Development Agreement to be executed by and between HACSB and CORE.
 - d. Approve documents related to the ownership entity to be executed by HACSB and Waterman Affordable 4 LLC (the "Partnership Documents") including
 - i. Limited Partnership Agreement to be executed by the partners of the Partnership.
 - ii. Purchase Option and Right of First Refusal and Memorandum to be executed by and among the Partnership, CORE and HACSB.
 - iii. Development Fee Agreement to be executed by and among CORE, HACSB, and the Partnership.
 - e. Authorize the Executive Director of the Housing Authority of the County of San Bernardino, upon consultation with Legal Counsel, to execute and deliver the Lease Documents, Mixed-Finance Documents, Development Documents, Partnership Documents, and other ancillary documents necessary to carry out and close the transaction including but not limited with escrow instructions, certifications, and affidavits (the "Ancillary Documents").

(Pages 60 - 594)

- 9) Adopt Resolution No. 220 approving updates to the Moving to Work Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program effective October 1, 2025.
(Pages 595 - 603)

CONSENT CALENDAR

APPROVAL OF CONSENT ITEMS: 10-13

- 10) Approve the meeting minutes for the regular meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on August 12, 2025.
(Pages 604 - 611)
- 11) Approve and file agency-wide financial statements through May 2025.
(Pages 612 - 614)
- 12) Approve the expense of vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of June 2025.
(Pages 615 - 620)
- 13) Adopt Resolution No. 221 approving FY 2025-2026 Utility Allowance Schedules for the Housing Choice Voucher and Public Housing programs effective October 1, 2025.
(Pages 621 - 632)
- 14) Individual Board member comments.
- 15) Adjourn

This agenda contains a brief description of each item of business to be considered at the meeting. In accordance with the Ralph M. Brown Act, this meeting agenda is posted at least 72 hours prior to the regularly scheduled meeting at the Housing Authority of the County of San Bernardino (HACSB) Building located at 715 East Brier Drive, San Bernardino, California, 92408. The agenda and its supporting documents can be viewed online at <http://www.hacsb.com>. However, the online agenda may not include all available supporting documents or the most current version of documents.

If you challenge any decision regarding any of the above agenda items in court, you may be limited to raising only those issues you or someone else raised during the public testimony period regarding that agenda item or in written correspondence delivered to the Board of Commissioners at, or prior to, the public meeting.

It is the intention of the HACSB to comply with the Americans with Disabilities Act (ADA). If you require special assistance, HACSB will attempt to accommodate you in every reasonable manner. Please contact Cynthia Robinson at (909) 890-5388 at least 48 hours prior to the meeting to inform us of your particular needs.

HACSB ofrece asistencia idiomática gratis. Para ayuda con este documento, por favor llámenos al (909) 890-0644.

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Executive Director's Report for September 9, 2025

RECOMMENDATION(S)

Receive the Executive Director's Report for September 9, 2025.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

This item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there is no financial impact associated with this item.

BACKGROUND INFORMATION

The Executive Director's report summarizes ongoing initiatives of HACSB's strategic plan, Moving to Work activities, overall agency updates, as well as other initiatives federally regulated by the U.S. Department of Housing and Urban Development.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 21, 2025.

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Board Building Presentation for September 9, 2025

RECOMMENDATION(S)

Receive the board building presentation for September 9, 2025, an overview of the Housing Authority of the County of San Bernardino's FY 2025-2026 strategic plan goals.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing our resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of this item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there is no financial impact associated with this item.

BACKGROUND INFORMATION

Per the U.S. Department of Housing and Urban Development's (HUD) Commissioner Lead the Way Training and Moving to Work designation responsibilities, board building is required to provide the Board of Commissioners with information regarding ongoing initiatives of HACSB's strategic plan, Moving to Work (MTW) activities, overall agency updates, as well as other initiatives federally regulated by HUD.

This month's board building presentation will include an overview of HACSB's FY 2025-2026 strategic plan goals.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 21, 2025.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

Fred Galante, General Counsel, Housing Authority of the County of San Bernardino

SUBJECT

Amendment No. 5 to Employment Agreement between the Housing Authority of the County of San Bernardino and Executive Director Maria Razo.

RECOMMENDATION(S)

Approve Amendment No. 5 to Employment Agreement between the Housing Authority of the County of San Bernardino and Executive Director Maria Razo.
(Presenter: Fred Galante, (949) 250-5410)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #1: To ensure that our agency's culture empowers and values our team through effective communication, learning opportunities, work/life balance, professional development, and a shared passion for the mission.

FINANCIAL IMPACT

The proposed Amendment No. 5 to the Executive Director's Employment Agreement implements a \$31,886.40 annual increase to the Executive Director's compensation effective September 26, 2025.

BACKGROUND INFORMATION

On September 27, 2020, the Housing Authority of the County of San Bernardino ("HACSB") approved an Employment Agreement with Ms. Razo to serve as Executive Director to the HACSB. On August 12, 2025, the Board of Commissioners of HACSB conducted a performance evaluation of Ms. Razo and shared that she is doing an excellent job in all respects.

At the August 12, 2025, Board of Commissioner's (Board) meeting, the Board directed that an amendment to the Employment Agreement be presented at the September meeting for consideration with applicable increases to the Executive Director's compensation and vehicle allowance, extension of the term of the Employment Agreement and to designate goals and objectives to be accomplished by Ms. Razo for the upcoming fiscal year. The goals and objectives are to be updated by the Board of Commissioners at least annually and was reviewed as part of the discussion at the August 12, 2025 Board meeting.

The attached proposed Amendment No. 5 to the Employment Agreement with the Executive Director implements the Board of Commissioner's direction and reflects the same market rate adjustment increase that was provided to employees of HACSB and a 5% merit increase to her compensation. The market rate adjustment increase is consistent with Section 4(a) of the Employment Agreement, which grants the Executive Director the same benefits as provided to employees of the HACSB and in accordance with the HACSB Employee Compensation Philosophy and Administrative Guidelines. The proposed Amendment No. 5 further extends the term of the Employment Agreement by 3 years to September 26, 2029, and increases the monthly vehicle allowance paid to the Executive Director by \$50.

It would be appropriate for the Board to consider and, if acceptable, approve the proposed Amendment No. 5.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Attachment – Amendment No. 5 to Executive Director Employment Agreement

REVIEW BY OTHERS

This item was prepared by General Legal Counsel, Fred Galante, on August 27, 2025.

AMENDMENT NO. 5 TO EMPLOYMENT AGREEMENT

BETWEEN

THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO

And

MARIA RAZO

This Amendment No. 5 to Employment Agreement ("Amendment No. 5"), dated September 9, 2025 ("Effective Date"), is entered into by and between the Housing Authority of the County of San Bernardino, a California public body, ("HACSB") and Maria Razo ("Employee").

RECITALS

WHEREAS, HACSB and Employee entered into that certain Employment Agreement, dated September 27, 2020 for Employee to serve as Executive Director to the HACSB ("Agreement");

WHEREAS, on June 14, 2022, the HACSB and Employee entered into Amendment No. 1 to the Agreement to extend the term by an additional three years and designate goals and objectives to be accomplished by Employee for the upcoming fiscal year;

WHEREAS, on November 8, 2022, the Board of Commissioners of HACSB conducted a performance evaluation of Employee and found Employee's performance satisfactory in all respects and approved the goals and objectives to be accomplished by Employee for the upcoming fiscal year;

WHEREAS, on December 13, 2022, the HACSB and Employee entered into Amendment No. 2 to the Agreement approving the increase in Compensation payable to Employee, retroactive to September 30, 2022, to reflect the same merit increase provided to employees of the HACSB, consistent with Section 4(a) of the Agreement, which granted Employee the same benefits as provided to employees of HACSB and in accordance with HACSB Employee Compensation Philosophy and Administrative Guidelines ("HACSB Comp. Philosophy");

WHEREAS, on October 10, 2023, HACSB and Employee entered into Amendment No. 3 to the Agreement approving an increase in the Compensation payable to Employee, retroactive to September 29, 2023, to reflect the same market rate adjustment increase and merit increase provided to employees of the HACSB, consistent with Section 4(a) of the Agreement, which grants Employee the same benefits as provided to employees of the HACSB and in accordance with the HACSB Comp. Philosophy;

WHEREAS, HACSB and Employee entered into Amendment No. 4 to the Agreement approving an increase in the Compensation payable to Employee, effective November 12,

2024, to reflect a 7.2% merit increase to the Compensation payable to Employee, plus the same 2.8% market rate adjustment increase provided to employees of the HACSB, consistent with Section 4(a) of the Agreement, which grants Employee the same benefits as provided to executive employees of the HACSB and in accordance with the HACSB Comp. Philosophy; and

WHEREAS, HACSB and Employee now wish to enter into this Amendment No. 5 to the Agreement to extend the term of the Agreement by 3 years; approve an increase in the Compensation payable to Employee, effective September 26, 2025, to reflect a 5% merit increase, plus the same 7.5% market rate adjustment increase provided to employees of the HACSB effective September 12, 2025 (which is the beginning of the next pay period), consistent with Section 4(a) of the Agreement, which grants Employee the same benefits as provided to executive employees of the HACSB and in accordance with the HACSB Compensation Philosophy; and increase the monthly vehicle allowance provided to Employee.

OPERATIVE PROVISIONS

NOW, THEREFORE, the foregoing Recitals being true and correct, and in consideration of the mutual covenants and obligations contained in this Amendment No. 5 by the parties and other consideration, the sufficiency of which is hereby expressly acknowledged, the Parties hereto agree as follows:

1. Term. Section 2 of the Agreement, entitled "Term", at subsection (b) is hereby amended to extend the Term by three (3) years. Except as so amended, the other provisions of Section 2 shall remain unmodified and in full force and effect. The amended language of Subsection 2(b) shall read as follows:

"(b) This Agreement shall be effective as of September 27, 2020 and continue in effect until September 26, 2029. Except in the event of earlier termination as provided in this Agreement, this Agreement may be extended upon execution by both parties of an amendment to this Agreement."

2. Salary. Section 4 of the Agreement, entitled "Salary," at subsection (a), is hereby amended to reflect a seven and one-half percent (7.5%) market rate increase effective September 12, 2025, plus a five percent (5%) merit increase effective September 26, 2025, ultimately increasing Employee's salary to \$279,406.40. Except as so amended, the other provisions of Section 4 shall remain unmodified and in full force and effect. The amended language of Subsection 4(a) shall read as follows:

"(a) HACSB agrees to pay Employee in accordance with the salary provided in personnel policies/manual in the amount of \$279,406.40 per annum for her services, payable in installments at the same time as other employees of HACSB are paid and subject to customary withholding. Employee's salary may be increased in accordance with HACSB personnel/policies manual."

3. Supplemental Benefits – Vehicle Allowance. Section 5 of the Agreement, entitled “Supplemental Benefits,” at subsection (b), is hereby amended effective as of September 26, 2025, to increase the vehicle allowance paid to Employee by \$50 per month so that HACSB shall provide Employee a Six Hundred Fifty Dollar (\$650) vehicle allowance on a monthly basis as additional compensation. Except as so amended, the remaining provisions of Section 5(b) shall remain unmodified and in full force and effect.

4. Goals and Objectives. In performing her duties per the terms of the Agreement, Employee shall endeavor to achieve the Goals and Accomplishments approved by the Board at its September 9, 2025 meeting, as such Goals and Accomplishments are revised and updated by the Board of Commissioners of HACSB from time-to-time. Said Goals and Accomplishments, as may be updated, shall be used by the Board of Commissioners to evaluate Employee in future years of the Term of the Agreement.

5. Full Force and Effect. Continuing Effect of Agreement. Except as amended by this Amendment No. 5, all provisions of the Agreement, as amended, shall remain unchanged and in full force and effect. From and after the date of this Amendment No. 5, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by Amendment Nos. 1, 2, 3 and 4 and this Amendment No. 5.

6. Adequate Consideration. The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 5.

IN WITNESS WHEREOF, HACSB has caused this Amendment No. 5 to be signed and executed on its behalf by the Chairperson of the Board of Commissioners. It has also been executed by Employee.

HOUSING AUTHORITY OF THE
COUNTY OF SAN BERNARDINO

EMPLOYEE

Beau Cooper, Chairman, Board of
Commissioners

Maria Razo

APPROVED AS TO LEGAL FORM:

Fred Galante, General Counsel

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Authorization to Implement a Restore-Rebuild Transaction for Valencia Grove Phase II

RECOMMENDATION(S)

1. Adopt Resolution No. 218 related to the Valencia Grove Phase II transaction:
 - a. Authorizing the implementation of the Restore-Rebuild transaction at Valencia Grove Phase II and authorizing execution of the Housing Assistance Payments (HAP) contract with Redlands Valencia Grove II Associates, LLC following the conversion of the property under the Rental Assistance Demonstration (RAD) program.
 - b. Authorizing and directing the Executive Director to execute and deliver all pertinent documents for this transaction in consultation with legal counsel.
- (Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

Approval of the proposed Restore-Rebuild transaction and subsequent HAP contract will have no material additional cost to the Housing Authority of the County of San Bernardino (HACSB) as the payments under the HAP contract will be funded through a new increment of funding from the U.S. Department of Housing and Urban Development (HUD). There will be costs associated with this transaction through financial consulting and legal expenses. Also, there will be revenue generated for HACSB through the operation of the property. Furthermore, HACSB will receive approximately \$7M in proceeds from the permanent financing transaction. These funds will be restricted to further housing opportunities for San Bernardino County residents through acquisition of multi-family housing communities by HACSB in high opportunity areas.

BACKGROUND INFORMATION

Valencia Grove, formally known as the Redlands Lugonia public housing site located in the City of Redlands, was a 1942 Public Housing development that originally consisted of 115 units. The Housing Authority of the County of San Bernardino (HACSB) demolished the old public housing and has been pursuing the completion of 238 residential rental and homeownership units. In the first construction phase, 85 new affordable housing rental units were built. Phase II, which is currently under construction, includes 104 new multi-family rental units affordable to families at or below 80% of area median income (AMI).

On May 10, 2022, the Board of Commissioners approved construction financing in the amount of \$32,410,000 and an Agreement to enter into a Housing Assistance Payments (AHAP) contract

for 8 of the 104 units, including one manager unit. The rents for the remaining units were to be set at the 80% AMI Tax Credit rent and have no rental assistance.

Construction of Phase II broke ground on April 23, 2023. The project is currently on track to receive its' Certificate of Occupancy in October 2025. Last year, the Housing Authority began to explore options to secure more favorable financing terms for the permanent financing of the project upon completion. It was determined that by issuing a public bond as well as placing Restore Rebuild subsidy on the project, it would be quicker to financially stabilize the property and put us in a better position to support our tenants. On June 10, 2025, the Board of Commissioners approved the issuance of HACSB tax-exempt multifamily bonds to provide permanent financing.

Restore-Rebuild is a HUD program that allows housing authorities to restore rental assistance subsidies that were set aside as Public Housing was disposed of over the years and use the assurance of long-term subsidy contracts to finance and rebuild new, deeply affordable homes. Upon completion of the new Public Housing units, the units are converted under the RAD program and the housing authority will receive a new funding allocation for the converted units. HACSB will also be using its Moving to Work flexibility under Activity 27: Local Project-Based Voucher Subsidy for Developments Using Tax Credit Rents. As a result, tenant rents will be set at the applicable tax credit rent based on the unit size and target AMI for the unit.

Staff have determined that the ongoing rental assistance provided under the Restore-Rebuild program will promote a higher level of affordability and protection for the residents. Therefore, staff are recommending that HACSB implement the Restore-Rebuild program and authorize the Executive Director to enter into a HAP agreement with Redlands Valencia Grove II Associates, LLC for 103 units. The effective date of the HAP contract will be determined at RAD closing. The implementation of this HAP contract also will allow for the sunsetting of the already approved 8 PBV units agreement as it will no longer be needed due to the implementation of the Restore-Rebuild transaction.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Resolution No. 218 – Valencia Grove II Restore Rebuild Implementation
- Contract – Housing Assistance Payment contract to be implemented by the RAD conversion

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 22, 2025.

HOUSING AUTHORITY RESOLUTION NO. 2025-218

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO APPROVING THE IMPLEMENTATION OF THE RESTORE-REBUILD TRANSACTION FOR VALENCIA GROVE PHASE II

RECITALS

WHEREAS, the Housing Authority of the County of San Bernardino (the "Authority") is a duly formed housing authority of the State of California, and is vested with the responsibilities set forth in Division 24, Part 2, Article 4 (Sections 34310-34334) of the California Health and Safety Code, which include providing low- and moderate-income housing within its jurisdiction; and

WHEREAS, the Authority is in the process of revitalizing the former scattered sites public housing development previously designated as PIC No. CA019000150 and now known as Valencia Grove (the "Site") by demolishing the old buildings located on the Site and developing, in multiple phases, new multifamily residential rental units and homeownership units, consistent with and subject to disposition approvals granted by the U.S. Department of Housing and Urban Development ("HUD") Special Application Center ("SAC"), including without limitation the letter from SAC to the Authority dated March 12, 2012, as updated on October 12, 2022 (collectively, the "HUD Dispo Approval"); and

WHEREAS, 85 new affordable housing units have already been built and occupied as part of the revitalization through development of a project known as Valencia Grove 1 by the low income housing tax credit partnership, Redlands Valencia Grove I Associates, LP (the "Phase 1 Partnership") on portions of the Site ground leased to the Phase 1 Partnership by the Authority (the "Phase 1 Property"); and

WHEREAS, the Authority is continuing the revitalization of the site through the development of new multifamily residential rental units in a project known as Valencia Grove Phase 2 ("Valencia Grove 2") by a California limited liability company known as Redlands Valencia Grove II Associates, LLC (the "Company"), on portions of the Site ground leased to the Company by the Authority (the "Phase 2 Property"); and

WHEREAS, Valencia Grove II includes 104 new multi-family rental units affordable to families at or below 80% of area median income (AMI). Phase II broke ground on April 23, 2023, and is currently on track to receive its Certificate of Occupancy in mid-October 2025.

WHEREAS, in 2024, the Authority began to explore options to secure more favorable financing terms for the permanent financing of the project upon completion. It was determined that by issuing a public bond as well as placing Restore Rebuild subsidy on the project, it would be quicker to financially stabilize the property and put us in a better position to support our tenants. On June 10, 2025, the Board of Commissioners approved the issuance of HACSB tax-exempt multifamily bonds to provide permanent financing.

WHEREAS, the Authority now desires to implement a Restore-Rebuild transaction at Valencia Grove Phase II and authorize the execution of the Housing Assistance Payments (HAP) contract with Redlands Valencia Grove II Associates, LLC, following the conversion of the property under the Rental Assistance Demonstration (RAD) program.

OPERATIVE PROVISIONS

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO DOES RESOLVE AS FOLLOWS:

Section 1. The Board of Commissioners finds that all of the facts set forth in the Recitals are true and correct and are incorporated herein by reference.

Section 2. The Board of Commissioners hereby approves this Resolution and hereby authorizes and directs the Executive Director of HACSB to execute and deliver all agreements and documents for and in the name of HACSB, in consultation with Legal Counsel, to accomplish the approval granted herein; provided such agreements and documents do not in materially conflict with the substance and intent of this Resolution.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of San Bernardino, by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO) ss.

I, _____, Secretary of the Board of Commissioners of the Housing Authority of the County of San Bernardino, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Commissioners, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of Tuesday, September 9, 2025.

Secretary

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

**Rental Assistance Demonstration (RAD)
for the Conversion of Public Housing to the
Section 8 Project-Based Voucher (PBV) Program¹**

PART 1 OF HAP CONTRACT

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This collection of information is required to apply to the Rental Assistance Demonstration program as authorized by the Consolidated and Further Continuing Appropriations Act of 2012 and subsequent appropriations. Requirements for RAD were established in PIH 2012-32 and subsequent notices. The information will be used to enter into a contract for housing assistance payments and to dictate the terms under which such payments will be made. There are no assurances of confidentiality.

1. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) Contract is entered into between:

Housing Authority of the County of San Bernardino (Contract Administrator)
(CA)² and

Redlands Valencia Grove II Associates, LLC (owner).

b. Contents of contract

The HAP Contract consists of Part 1, Part 2, and the Contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP Contract includes the following exhibits:

**EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP
CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER
AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR**

¹ This form merges HUD 52530A and HUD 52621

² In Public Housing to PBV conversions, the Contract Administrator will be the Public Housing Agency that executes the HAP Contract with the Owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.

983.203 for required items.) If applicable as the result of Tenant-Paid Utility Savings in accordance with the provision of the RAD Notice governing such savings for Project Based Voucher Conversions (i.e., Attachment 1C of the RAD Notice), or successor provision, Exhibit A to this HAP Contract shall contain both the initial and revised rent to owner for each contract unit.

EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

EXHIBIT E: ADDENDUM TO THE HAP CONTRACT – LABOR STANDARDS

ADDITIONAL EXHIBITS

d. Term of the HAP Contract

1. Beginning of Term

The Contract begins on _____.

2. Length of initial term

- a. Subject to paragraph 2.b, the initial term of the HAP Contract for any contract unit is 20 years.
- b. The initial term of the HAP Contract for any unit may not be less than 15 years, and may be for a term of up to 20 years upon the request of the Owner and with the approval of the CA.

3. Contract Administrator's Obligation to Offer to Renew and Owner Obligation to Accept Offers to Renew

The CA and the Owner acknowledge and agree upon expiration of the initial term of the HAP Contract, and upon each renewal term of the HAP Contract, the CA shall offer to renew the HAP Contract and the Owner shall accept each offer to renew the HAP

Contract, subject to the terms and conditions applicable at the time of each offer, and further subject to the availability of appropriations for each year of each such renewal.

4. Funding of PBV HAP Contract

- a. **Funding for the Year of Conversion.** In the Year of Conversion, the Owner shall be due payment up to the public housing amounts obligated prior to the effective date of the HAP Contract, and any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriated funding, for the Year of Conversion. Owner acknowledges that this amount for the Year of Conversion may be less than the contract rent for subsequent years.³
- b. **Funding for remainder of the initial term and any renewal term.** Starting in the First Full Year and in each subsequent year in which the HAP Contract is effective, for the remainder of the initial term and any renewal term, subject to the availability of sufficient appropriated funding (budget authority), as provided in appropriations acts and, in the CA's, Consolidated Annual Contributions Contract with HUD, the CA will make full payments of housing assistance payments due to an Owner for any contract year in accordance with the HAP Contract. The availability of sufficient funding must be determined by HUD or the CA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP Contract, the CA has the right to terminate the HAP Contract by notice to the Owner for all or any of the Contract units. Such action by the CA shall be implemented in accordance with HUD requirements.
- c. **Occupancy and payment**

1. Payment for occupied unit

During the term of the HAP Contract, the CA shall make housing assistance payments to the Owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a Contract unit, the Owner may keep the housing assistance payment for the calendar month when the family moves out ("move-out month"). However, the Owner may not keep the payment if the CA determines that the vacancy is the Owner's fault.

~~2. Vacancy payment~~

~~THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.~~

³ Note that new definitions of First Full Year, HUD requirements and Year of Conversion are added to Section 2 of Part 2 of the HAP Contract.

- a. ~~If an assisted family moves out of a Contract unit, the CA may provide vacancy payments to the Owner for a CA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.~~
- b. ~~The vacancy payment to the Owner for each month of the maximum two-month period will be determined by the CA and cannot exceed the monthly rent to Owner under the assisted lease, minus any portion of the rental payment received by the Owner (including amounts available from the tenant's security deposit). Any vacancy payment may only cover the period the unit remains vacant.~~
- e. ~~The CA may only make vacancy payments to the Owner if:~~
 - 1. ~~The Owner gives the CA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the Owner's knowledge and belief);~~
 - 2. ~~The Owner certifies that the vacancy is not the fault of the Owner, and that the unit was vacant during the period for which payment is claimed;~~
 - 3. ~~The Owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and~~
 - 4. ~~The Owner provides any additional information required and requested by the CA to verify that the Owner is entitled to the vacancy payment.~~
- d. ~~The CA must take every reasonable action to minimize the likelihood and length of vacancy.~~
- e. ~~The Owner may refer families to the CA and recommend selection of such families from the CA waiting list for occupancy of vacant units.~~
- f. ~~The Owner must submit a request for vacancy payments in the form and manner required by the CA and must provide any information or substantiation required by the CA to determine the amount of any vacancy payments.~~

3. PHA is not responsible for family damage or debt to Owner.

Except as provided in this paragraph e (Occupancy and Payment), the CA will not make any other payment to the Owner under the HAP Contract. The CA will not make any payment to Owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

a. Non-Applicability of Income Mixing Requirement.

There is no cap on the number of units that may receive PBV assistance in a project.

EXECUTION OF HAP CONTRACT

CONTRACT ADMINISTRATOR (CA) <i>Name of CA (Print)</i> Housing Authority of the County of San Bernardino
By:
<i>Signature of Authorized Representative</i>
<i>Name and official title (Print)</i> Maria Razo, Executive Director
<i>Date</i> OWNER <i>Name of Owner (Print)</i> Redlands Valencia Grove II Associates, LLC
By:
<i>Signature of Authorized Representative</i>
<i>Name and official title (Print)</i> Anthony Perez, Executive Director
<i>Date</i>

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

**Rental Assistance Demonstration (RAD)
for the Conversion of Public Housing to the
Section 8 Project-Based Voucher (PBV) Program**

PART 2 OF HAP CONTRACT

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This collection of information is required to apply to the Rental Assistance Demonstration program as authorized by the Consolidated and Further Continuing Appropriations Act of 2012 and subsequent appropriations. Requirements for RAD were established in PIH 2012-32 and subsequent notices. The information will be used to enter into a contract for housing assistance payments and to dictate the terms under which such payments will be made. There are no assurances of confidentiality.

1. DEFINITIONS

Contract Administrator (CA). The Public Housing Agency that executes the HAP Contract with the Owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.

Contract units. The housing units covered by this HAP Contract. The contract units are described in Exhibit A.

Family. The persons approved by the CA to reside in a contract unit with assistance under the program.

First Full Year. The first full calendar year of the HAP Contract beginning the year after the calendar year of the effective date. To clarify, in cases in which a project converts in December and the effective date of the HAP Contract is January 1, the Year of Conversion is the calendar year starting on the effective date and the First Full Year begins the year following.

HAP Contract. This housing assistance payments contract between the CA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP Contract).

Housing assistance payment. The monthly assistance payment by the CA for a contract unit, which includes: (1) a payment to the Owner for rent to the Owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

Household. The family and any CA-approved live-in aide.

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives. HUD requirements include Notice H-2019-09 PIH 2019-23 (HA), “Rental Assistance Demonstration—Final Implementation, Revision 4,” as revised or amended from time to time (or any successor document) (RAD Notice), and the RAD Civil Rights Notice, PIH 2016-17 (HA). Any references in this HAP Contract to specific sections of the RAD Notice include any successor provisions whether explicitly stated or not.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP Contract, or in any proceeds or benefits arising from the HAP Contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. A public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Rent to Owner. The total monthly rent payable to the Owner under the lease for a contract unit. Rent to Owner includes payment for any housing services, maintenance and utilities to be provided by the Owner in accordance with the lease.

Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to Owner payable by the family, as determined by the CA in accordance with HUD requirements. The CA is not responsible for paying any part of the tenant rent.

Year of Conversion. The time from the effective date of the HAP Contract through the end of that calendar year.

2. PURPOSE

- a. This is a HAP Contract between the CA and the Owner.
- b. The purpose of the HAP Contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the Owner.
- c. The CA must make housing assistance payments to the Owner in accordance with the HAP Contract for contract units leased and occupied by eligible families during the HAP Contract term. HUD provides funds to the CA to make housing assistance payments to Owners for eligible families.

3. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to Owner

The initial rent to Owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP Contract. At the beginning of the HAP contract term, and until rent to Owner is adjusted in accordance with section 5 of the HAP Contract, the rent to Owner for each bedroom size (number of bedrooms) shall be the initial rent to Owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP Contract, the rent to Owner may in no event exceed the amount authorized in accordance with HUD requirements. The CA has the right to reduce the rent to Owner, at any time, to correct any errors in establishing or adjusting the rent to Owner in accordance with HUD requirements. The CA may recover any overpayment from the Owner.

c. CA payment to Owner

1. Each month the CA must make a housing assistance payment to the Owner for a unit under lease to and occupied by an eligible family in accordance with the HAP Contract.
2. The monthly housing assistance payment to the Owner for a contract unit is equal to the amount by which the rent to Owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The CA is not responsible for paying any part of the tenant rent, or for paying any other claim by the Owner against a family. The CA is only responsible for making

housing assistance payments to the Owner on behalf of a family in accordance with the HAP Contract.

4. The Owner will be paid the housing assistance payment under the HAP Contract on or about the first day of the month for which payment is due, unless the Owner and the CA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the Owner must comply with all the provisions of the HAP contract. Unless the Owner complies with all the provisions of the HAP Contract, the Owner does not have a right to receive housing assistance payments.
6. If the CA determines that the Owner is not entitled to the payment or any part of it, the CA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the Owner, including amounts due under any other housing assistance payments contract.
7. The Owner will notify the CA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.
8. Notwithstanding anything else in this HAP Contract, in the Year of Conversion, any housing assistance payments shall equal amounts funded in accordance with Section 1.d.4.a (Funding for the Year of Conversion) of this HAP Contract.

d. Termination of assistance for family

The CA may terminate housing assistance for a family under the HAP Contract in accordance with HUD requirements. The CA must notify the Owner in writing of its decision to terminate housing assistance for the family in such case.

4. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. Subject to section 5.b. of the HAP Contract, at each anniversary date during the term of the HAP Contract, the CA will adjust the rent to Owner by applying HUD's operating cost adjustment factor (OCAF), subject to the availability of appropriations for each year of the HAP Contract term.
2. The adjustment of rent to Owner shall always be determined in accordance with all HUD requirements. The amount of the rent to Owner may be adjusted up or down, in the amount defined by the CA in accordance with HUD requirements. Notwithstanding any other provisions of the HAP Contract, the rent to Owner shall not be adjusted below the initial rent to Owner.

b. Reasonable rent

The rent to Owner for each contract unit may at no time exceed the reasonable rent charged for comparable units in the private unassisted market, as determined by the CA in accordance with 24 C.F.R. § 983.303. However, the rent to Owner shall not be reduced below the initial rent to Owner for dwelling units under the HAP Contract except in the following cases: (1) to correct errors in calculations in accordance with HUD requirements; (2) if additional housing assistance has been combined with PBV assistance after the execution of the HAP Contract and a rent decrease is required pursuant to 24 C.F.R. § 983.55; or (3) if a decrease in rent to Owner is required based on changes in the allocation of responsibility for utilities between the Owner and the tenant..

c. No special adjustments

The CA will not make any special adjustments of the rent to Owner.

d. Owner compliance with HAP contract

The CA shall not approve, and the Owner shall not receive, any increase of rent to Owner unless all contract units are in accordance with the HQS, and the Owner has complied with the terms of the assisted leases and the HAP Contract.

e. Notice of rent adjustment

Rent to Owner shall be adjusted by written notice by the CA to the Owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

5. OWNER RESPONSIBILITY

The Owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.
- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:
 - 1. Any security deposit;

2. The tenant rent; and
3. Any charge for unit damage by the family.

6. OWNER CERTIFICATION

The owner certifies that during the term of the HAP Contract:

- a. All contract units meet HQS, or successor standard, or will meet HQS no later than the date of completion of the “Work” (including any environmental mitigation measures) as indicated in the RAD Conversion Commitment (RCC) which will be no later than _____, 20____.
- b. The Owner is providing all the services, maintenance and utilities as agreed to under the HAP Contract and the leases with assisted families.
- c. Each contract unit for which the Owner is receiving housing assistance payments is leased to an eligible family referred by the CA, and the lease is in accordance with the HAP Contract and HUD requirements.
- d. To the best of the Owner’s knowledge, the members of the family reside in each contract unit for which the Owner is receiving housing assistance payments, and the unit is the family’s only residence.
- e. The Owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP Contract.
- g. The rent to Owner for each contract unit does not exceed rents charged by the Owner for other comparable unassisted units.
- h. Except for the housing assistance payment and the tenant rent as provided under the HAP Contract, the Owner has not received and will not receive any payments or other consideration (from the family, the CA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the Owner is a cooperative, the family may be a member of the cooperative.

7. CONDITION OF UNITS

a. Owner maintenance and operation

The Owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The Owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

1. The CA must inspect each Contract unit after rehabilitation is completed in accordance with the RCC.
2. Before providing assistance to a new family in a contract unit, the CA must inspect the unit. The CA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
3. At least annually during the term of the HAP Contract, the CA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the CA must reinspect 100 percent of the contract units in the building.
5. The CA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the Owner is providing maintenance, utilities, and other services in accordance with the HAP Contract. The CA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the CA determines a contract unit is not in accordance with the HQS, the CA may exercise any of its remedies under the HAP Contract for all or any contract units. Such remedies include suspension or reduction of housing assistance payments, and, with HUD approval, termination of the HAP Contract.

2. The CA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The CA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the Owner corrects the defect within the period specified by the CA and the CA verifies the correction. If a defect is life threatening, the Owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any CA-approved extension).

d. Maintenance and replacement—owner’s standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the Owner.

8. LEASING CONTRACT UNITS

a. Selection of tenants

1. During the term of the HAP Contract, the Owner must lease all Contract units to eligible families selected and referred by the CA from the CA’s waiting list. The waiting list shall be established and maintained in accordance with HUD requirements, including the special PBV waiting list provisions in the RAD Notice (including Section 1.6.D.4 or successor provision).
2. The Owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant’s ability to perform the lease obligations.
3. Consistent with HUD requirements, the Owner may apply its own admission procedures in determining whether to admit a family referred by the CA for occupancy of a contract unit. The Owner may refer families to the CA, and recommend selection of such families from the CA waiting list for occupancy of vacant units.
4. The Owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The CA must determine family eligibility in accordance with HUD requirements.
4. The contract unit leased to each family must be appropriate for the size of the family under the CA’s subsidy standards.

5. If a contract unit was occupied by an eligible family at the time the unit was selected by the CA, or is so occupied on the effective date of the HAP Contract, the Owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP Contract.
6. The Owner is responsible for screening and selecting tenants from the families referred by the CA from its waiting list.

b. Vacancies

1. The Owner must promptly notify the CA of any vacancy in a contract unit. After receiving the Owner notice, the CA shall make every reasonable effort to refer a sufficient number of families for Owner to fill the vacancy.
2. The Owner must rent vacant contract units to eligible families on the CA waiting list referred by the CA.
3. The CA and the Owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since Owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the CA to fill such vacancies), the CA may give notice to the Owner amending the HAP Contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

9. TENANCY

a. Lease

The lease between the Owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The Owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The Owner must give the CA a copy of any Owner eviction notice to the tenant at the same time that the Owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

3. The Owner shall provide adequate written notice of termination of the lease, which shall be (A) a reasonable period of time, but not to exceed 30 days if the health or safety of other tenants, Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or in the event of any drug-related or violent criminal activity or any felony conviction; (B) Not less than 14 days in the case of nonpayment of rent; and (C) Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
4. The Owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease.

c. Family payment

1. The Tenant Rent will be determined by the CA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP Contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the CA to the family and the Owner.
2. The amount of the tenant rent as determined by the CA is the maximum amount the Owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the Owner in accordance with the HAP Contract and the lease.
3. The Owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the CA. The Owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP Contract. The Owner may not terminate the tenancy of an assisted family for nonpayment of the CA housing assistance payment.
5. The CA is only responsible for making the housing assistance payments to the Owner on behalf of the family in accordance with the HAP Contract. The CA is not responsible for paying the tenant rent, or any other claim by the Owner.

d. Other Owner charges

1. Except as provided in paragraph 2, the Owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.

2. In assisted living developments receiving project-based voucher assistance, Owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to Owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the Owner in an assisted living development.
3. The Owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The Owner may collect a security deposit from the family.
2. The Owner must comply with HUD and CA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The CA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the Owner to unassisted families.
4. When the family moves out of the contract unit, the Owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The Owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the Owner, the Owner must promptly refund the full amount of the balance to the family.
5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the Owner may seek to collect the balance from the family. However, the CA has no liability or responsibility for payment of any amount owed by the family to the Owner.

10. FAMILY RIGHT TO MOVE

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the Owner advance written notice of intent to vacate (with a copy to the CA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the CA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the CA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately

available upon lease termination, the CA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

11. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The CA subsidy standards determine the appropriate unit size for the family size and composition. The CA and Owner must comply with the requirements in 24 CFR 983.260.

12. PROHIBITION OF DISCRIMINATION

- a. The Owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The Owner must comply with the following requirements: 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.* ; 28 CFR part 35; 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 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).
- c. The CA and the Owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

13. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the CA has failed to comply with the HAP Contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the CA's rights under the HAP Contract, HUD may assume the CA's rights and obligations under the HAP Contract, and may perform the obligations and enforce the rights of the CA under the HAP Contract.

14. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the Owner under the HAP Contract:

1. The Owner has failed to comply with any obligation under the HAP Contract, including the Owner's obligations to maintain all contract units in accordance with the housing quality standards, or under the RCC.
2. The Owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).
3. The Owner has committed any fraud or made any false statement to the CA or HUD in connection with the HAP Contract.
4. The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
 - A. The Owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
 - B. The Owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. If the property where the contract units are located is subject to the lien of a use restriction or covenant for the benefit of HUD, and the Owner has failed to comply with the requirements of such use restriction or covenant.
7. The Owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. CA remedies

1. If the CA determines that a breach has occurred, the CA may exercise any of its rights or remedies under the HAP Contract.
2. The CA must notify the Owner in writing of such determination. The notice by the CA to the Owner may require the Owner to take corrective action (as verified by the CA) by a time prescribed in the notice.
3. The CA's rights and remedies under the HAP Contract include the ability to take any of the following actions:
 - A. Suspend any distributions of cash to the Owner;
 - B. Require a substitution of the management agent;
 - C. Recover any overpayments;
 - D. Reduce or suspend the housing assistance payments;
 - E. Take possession of the project, bring any action necessary to enforce any rights of the Owner growing out of the project operation, and operate the project in accordance with the terms of this HAP Contract until such time as the CA determines that the Owner is again in a position to operate the project in accordance with this HAP Contract. If the CA takes possession, housing assistance payments shall continue in accordance with the HAP Contract;
 - F. Collect all rents and charges in connection with the operation of the project and use these funds to pay the necessary expenses of preserving the property and operating the project and to pay the Owner's obligations under the note and mortgage or other loan documents;
 - G. Apply to any court, State or Federal, for specific performance of this HAP Contract, for an injunction against any violation of the HAP Contract, for the appointment of a receiver to take over and operate the project in accordance with the HAP Contract, or for such other relief as may be appropriate. These remedies are appropriate since the injury to the CA and/or HUD arising from a default under any of the terms of this HAP Contract could be irreparable and the amount of damage would be difficult to ascertain;
 - H. Terminate the Owner's interest in the HAP Contract, including all of the Owner's rights and obligations therein, and transfer the HAP Contract to another "Owner," as defined in section 8(f)(1) of the Act, to ensure the continuation of rental assistance, as authorized under the

HAP Contract, provided however, that the CA shall provide the Owner a period of not less than thirty (30) days to cure any breach under this HAP Contract prior to exercising this remedy;

- I. Take any other remedial action permitted at law or in equity; and
- J. If the corrective actions listed above prove inadequate to achieve the Owner's compliance with this HAP Contract to the satisfaction of the CA, and only with explicit HUD approval in writing, the CA may terminate this HAP Contract, in whole or in part.

c. **CA remedy is not waived**

The CA's exercise or non-exercise of any remedy for Owner breach of the HAP Contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

d. **HUD Rights.**

Notwithstanding any other provisions of this HAP Contract, in the event HUD determines that the Owner is in default of its obligations under the HAP Contract and the CA has failed to exercise its rights as set forth in the HAP contract, HUD shall have the right, only after notice to the Owner, the trustee, if any, and the CA giving them a reasonable opportunity to take corrective action, which shall not be less than sixty (60) days or such other longer timeframe as may be required by the circumstances, to proceed in accordance with paragraph (b) of this section. In the event HUD takes any action under this section, the Owner and the CA hereby expressly agree to recognize the rights of HUD to the same extent as if the action were taken by the CA. HUD shall not have the right to terminate the HAP Contract except by proceeding in accordance with paragraphs (a) and (b) of this section.

15. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR PHA

a. **Required information**

The Owner must prepare and furnish any information pertinent to the HAP Contract or the RCC as may reasonably be required from time to time by the CA or HUD. The Owner shall furnish such information in the form and manner required by the CA or HUD.

b. **PHA and HUD access to premises**

The Owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the Owner to the extent necessary to determine compliance with the HAP Contract,

reserve deposit requirements, or the RCC, including the verification of information pertinent to the housing assistance payments or the HAP Contract.

16. CA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of Owner action or failure to act

The CA has no responsibility for or liability to any person injured as a result of the Owner's action or failure to act in connection with the implementation of the HAP Contract, or as a result of any other action or failure to act by the Owner.

b. Legal relationship

The Owner is not the agent of the CA. The HAP Contract does not create or affect any relationship between the CA and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with the implementation of the HAP Contract.

c. Exclusion of third party claims

Nothing in the HAP Contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP Contract, or to assert any claim against HUD, the CA or the Owner under the HAP Contract.

d. Exclusion of Owner claims against HUD

Nothing in the HAP Contract shall be construed as creating any right of the Owner to assert any claim against HUD.

17. PHA-OWNED UNITS

Notwithstanding Section 17 of the HAP Contract, a CA may own units assisted under the PBV program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units and all other HUD requirements governing PHA ownership of PBV units.

18. CONFLICT OF INTEREST

a. Interest of members, officers, or employees of CA, members of local governing body, or other public officials

1. No present or former member or officer of the CA (except tenant-commissioners), no employee of the CA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with

respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP Contract.

2. HUD may waive this provision for good cause.

b. Disclosure

The Owner has disclosed to the CA any interest that would be a violation of the HAP Contract. The Owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP Contract or to any benefits arising from the contract.

19. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The Owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The Owner certifies that:

1. The Owner has disclosed to the CA the identity of the Owner and any principal or interested party.
2. Neither the Owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

20. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

1. The Owner and the CA agree that neither the HAP Contract nor the premises may be transferred without the written consent of CA and HUD.
2. "Transfer" includes:
 - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP Contract or the property;

- B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP Contract;
 - C. The creation of a security interest in the HAP Contract or the property;
 - D. Foreclosure or other execution on a security interest;
 - E. A creditor's lien, or transfer in bankruptcy; or
 - F. Any refinancing or restructuring of permanent debt imposing liens on the property by the Owner of the project, except to such extent permitted pursuant to that certain Rental Assistance Demonstration Use Agreement entered into in connection with the premises.
3. Owner, CA and HUD hereby agree that:
- A. CA and HUD hereby consent to any transfer of a passive or non-controlling interest in the Owner entity, including (by way of illustration and not of limitation, such transfers include transfers of the interests of limited partners in a limited partnership, transfers of the interests of members other than managing members or managers in a limited liability company, and transfers of interests in a corporation that cumulatively represent less than half the beneficial interest in the HAP Contract or the premises).
 - B. The Owner must obtain advance consent of CA and HUD for transfer of any interest of a general partner of a limited partnership or for the transfer, elimination or addition of a manager or managing member of a limited liability company. If such assignment is made in connection with any HUD-approved financing for the premises, including without limitation low-income housing tax credits, subject to the provisions of Section 37 of this HAP Contract, HUD and CA hereby consent to: an assignment by a general partner of a limited partnership Owner to a limited partner; and an assignment by the managing member of a limited liability company Owner to another member of Owner.
 - C. Limited CA and HUD consent to collateral assignments of the HAP Contract to lenders is provided in Section 36 of this HAP Contract.

b. Transferee assumption of HAP Contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP Contract, or to exercise any rights or remedies under the HAP Contract, unless the CA and HUD has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the CA and

HUD in accordance with HUD requirements, to assume the obligations of the Owner under the HAP Contract, and to comply with all the terms of the HAP Contract.

c. Effect of consent to transfer

1. The creation or transfer of any security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.
2. The CA and HUD's consent to transfer of the HAP Contract or the property does not to change the terms of the HAP Contract in any way, and does not change the rights or obligations of the PHA or the Owner under the HAP Contract.
3. The CA and HUD's consent to transfer of the HAP Contract or the property to any transferee does not constitute consent to any further transfers of the HAP Contract or the property, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The CA and HUD will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

21. SUBSIDY LAYERING

a. Owner disclosure

The Owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. Limit of payments

Housing assistance payments under the HAP Contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of such related assistance. The CA will adjust

in accordance with HUD requirements the amount of the housing assistance payments to the Owner to compensate in whole or in part for such related assistance.

22. OWNER LOBBYING CERTIFICATIONS

- a. The Owner certifies, to the best of Owner's knowledge and belief, that:
 1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the Owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP Contract, or the extension, continuation, renewal, amendment, or modification of the HAP Contract.
 2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP Contract, the Owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- b. This certification by the Owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

23. INTENTIONALLY OMITTED.

24. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP Contract may be terminated upon at least 30 days' notice to the Owner by the CA with the approval of HUD or by HUD if the CA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

25. NOTICES AND OWNER CERTIFICATIONS

- a. Where the Owner is required to give any notice to the CA pursuant to the HAP Contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the CA.
- b. Any certification or warranty by the Owner pursuant to the HAP Contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

26. ENTIRE AGREEMENT; INTERPRETATION

- a. The HAP Contract, including the exhibits, is the entire agreement between the CA and the Owner as related to the topics covered hereby.
- b. The HAP Contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP Contract. The Owner agrees to comply with all such laws and HUD requirements.

27. RAD REHAB ASSISTANCE PAYMENTS

For any unit (1) that is vacant during the period of Work pursuant to the RCC; and (2) for which the Owner is not otherwise receiving housing assistance payments in accordance with section 4(c) of this HAP Contract; the Owner is entitled to receive a monthly RAD Rehab Assistance Payment calculated in accordance with the provision of the RAD Notice governing RAD Rehab Assistance Payments (i.e., Notice H 2019-09 PIH 2019-23 (HA), REV-4, section 1.6.B.9 or successor provision), in the amount of \$__ per unit, as determined by HUD; shall apply to no more than _____ units in any given month; and shall commence upon the effective date of this HAP Contract, so long as the Owner is in compliance with the approved repair schedule as provided in the RCC. All RAD Rehab Assistance Payments shall end, and the Owner will cease to be entitled to any such payments, (1) on _____ ; or (2) upon actual completion of the Work, if sooner. Provided, however, during the Year of Conversion (as defined in Section 2), any RAD Rehab Assistance Payments shall not exceed amounts funded pursuant to Section 1.d.4(a).

28. CA BOARD APPROVAL

The CA's Board must approve the operating budget for the covered project annually in accordance with HUD requirements.

29. PROPERTY AND LIABILITY INSURANCE

The Owner agrees that the project shall be covered at all times by commercially available property and liability insurance to protect the project from financial loss. To the extent insurance proceeds permit, or as determined feasible by the first mortgage lender, the Owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.

30. RESIDENT PROCEDURAL RIGHTS' GRIEVANCE PROCESS

The Owner and the CA must comply with the grievance process requirements in the RAD Notice (including section 1.6.C.7.ii. or successor provision) for projects converting to PBV assistance.

31. RESIDENT PARTICIPATION AND FUNDING

In accordance with Attachment 1B.2.B. of the RAD Notice, captioned "PBV Resident Participation and Funding," families in projects that convert to PBV assistance have the right to establish and operate resident organizations for the purpose of addressing issues related to their living environment. The Attachment details all of the requirements governing Resident Participation and Funding, with which the Owner must comply.

32. FLOOD INSURANCE

If the project is located in an area that has been identified by the Federal Emergency Management Agency as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Program, the Owner agrees that: (1) the project will be covered, during the life of the property, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less; and (2) that it will advise any prospective purchaser or transferee of the property in writing of the continuing requirement to maintain such flood insurance during the life of the property.

33. REPLACEMENT RESERVE REQUIREMENT

- a. The Owner shall establish and maintain a replacement reserve in accordance with the RCC.
- b. The amount of the deposit to the replacement reserve will be adjusted each year at least by the amount of HUD's operating cost adjustment factor (OCAF) and may be increased by such additional amounts as required in connection with HUD-approved financing.
- c. The reserve must be built up to and maintained as set forth in the RAD Conversion Commitment.
- d. All earnings, including interest, on the reserve must be added to the reserve.
- e. Upon HUD's request, the Owner must provide certifications to HUD related to the deposits, withdrawals, and balances of the replacement reserves

34. LABOR STANDARDS

By execution of this HAP Contract, the Owner warrants that construction or repair Work on the project that is initiated within eighteen (18) months of the effective date of the HAP Contract shall be in compliance with applicable labor standards, including Davis-Bacon wage requirements, as stated in the “Addendum to the HAP Contract—Labor Standards.” The “Addendum to the HAP Contract—Labor Standards” shall be included as an “Additional Exhibit” under Section 1.c. of the HAP Contract.

35. LENDER PROVISIONS

Notwithstanding anything else in this HAP Contract:

- a. The holder of any HUD-approved mortgage against the project may take action against the Owner and the project that results in the holder of the mortgage or its designee (either referred to herein as the “Lender Temporary Custodian”) coming into ownership of the project or assuming the role of “Owner” under this HAP Contract. Transfer of the project or the HAP Contract from the Owner is grounds for termination of the HAP Contract assistance unless otherwise approved by HUD. HUD and CA hereby consent to a collateral assignment of this contract to any Lender Temporary Custodian and pre-approve any Lender Temporary Custodian as a temporary custodian of the project and as a new “Owner” pursuant to this HAP Contract, and continued assistance to the project pursuant to this HAP Contract, subject to the following conditions:
 1. HUD and CA must receive thirty (30) days prior written notice of the transfer of the project to the Lender Temporary Custodian and the form of the documents necessary to effectuate such transfer.
 2. In connection with the transfer, Lender Temporary Custodian must execute and deliver to HUD and CA an assumption on the HAP Contract, in such form as acceptable to HUD.
 3. Such approval and consent to continue assistance pursuant to this HAP Contract is expressly limited to a period of only 90 days that commences the date of such transfer of the project, provided that HUD in its sole discretion may extend such 90-day period by an additional 30 days, or for so long as HUD deems reasonably necessary for Lender to find a permanent replacement Owner. Consistent with Public Law 112-55, in the event that the Lender Temporary Custodian comes into ownership of the project, the Lender Temporary Custodian shall use such interim period to identify a proposed permanent Owner determined by HUD to be capable of abiding by the HAP Contract, Use Agreement, and any and all applicable RAD program requirements. The provision of housing assistance payments to any proposed permanent replacement Owner is subject to HUD’s consent.

4. Prior to a transfer of the project to a Lender Temporary Custodian, HUD may at any time by written notice to a Lender Temporary Custodian revoke the approvals given herein if HUD becomes aware of any conditions or circumstances (by way of illustration and not limitation, such conditions or circumstances may include debarment, suspension or limited denial of participation) that would disqualify or compromise the ability of Lender Temporary Custodian from acting as an interim custodian of the project pursuant to the HAP Contract.
- b. The provisions of any form that HUD may execute on which HUD consents to the assignment of this HAP Contract as security for financing, including any of the HUD-drafted forms in use for such purpose, shall be subject to the conditions set forth in subparagraph (a) of this section.
- c. Any cure of any default by Owner under the HAP Contract, Use Agreement or RCC offered by the holder of any HUD-approved mortgage shall be treated the same as if offered by Owner.

36. LOW-INCOME HOUSING TAX CREDIT PROVISIONS

Notwithstanding anything else in this HAP Contract:

- a. **Notice.** As long as the equity investor identified below (“Equity Investor”) is a partner or member of Owner, HUD shall endeavor as a courtesy to Equity Investor to deliver to Equity Investor a copy of any notice of default that is delivered to Owner under the terms of the HAP Contract. Use Agreement or RAD Conversion Commitment (RCC). Equity Investor’s Address for such purposes is:

- b. **Right to Cure.** Any cure of any default by Owner under the HAP Contract, Use Agreement or RCC offered by Equity Investor shall be treated the same as if offered by Owner.
- c. **Transfer of Investor Members/Partners.** Equity Investor, and each successor member or partner in Owner, may transfer its interest in the Owner without prior written consent of HUD if:
 1. HUD receives prior written notice of such transfer; and

2. HUD receives executed copies of any and all documents necessary to effect such transfer, including any and all amendments to Owner's organizational documents.

d. Removal of General Partner/Managing Member

1. HUD and CA have pre-approved the replacement of the Owner's general partner or managing member with an affiliate of Equity Investor, or any successor equity investor ("Interim Replacement GP/MM") as a temporary replacement general partner/managing member of the Owner, in the event Owner's general partner or managing member is removed for cause in accordance with Owner's organizational documents.
2. Interim Replacement GP/MM may remove Owner's general partner or managing member in accordance with the Owner's organizational documents without further written consent from HUD or CA and HUD and CA shall continue assistance to the project in accordance with the HAP Contract, provided that Interim Replacement GP/MM provide HUD and CA with prior written notice of such replacement and HUD and CA receive executed copies of any and all documents necessary to effect such replacement.
3. Such approval of such Interim Replacement GP/MM is expressly limited to a period of only 90 days that commences the date of such removal, provided that HUD in its sole discretion may extend such 90-day period by an additional 30 days, or for so long as HUD deems reasonably necessary to provide for a permanent replacement of the general partner or managing member. After such interim period, any proposed permanent replacement for the Owner's general partner or managing member is subject to HUD's consent.
4. HUD may at any time by written notice to Equity Investor or any successor revoke the approvals given herein if HUD becomes aware of any conditions or circumstances that would disqualify or compromise the ability of Interim Replacement GP/MM from acting as an interim general partner/managing member pursuant to this HAP Contract.

37. CONTINUATION OF HAP CONTRACT

Except where otherwise approved by HUD, this HAP Contract shall continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract in the event: (1) Of assignment, sale, or other disposition of this HAP Contract; (2) Of foreclosure, including foreclosure by HUD; (3) Of assignment of the mortgage or deed in lieu of foreclosure; (4) HUD or the CA takes over possession, operation or ownership; or (5) The Owner prepays the mortgage.

38. ALTERNATIVE REQUIREMENTS

- f. **Owner Proposal Selection Procedures.** Projects will be selected for assistance in accordance with the provisions in the RAD Notice. Therefore, 24 C.F.R. § 983.51 does not apply.
- g. **Percentage Limitation.** Section 8(o)(13)(B) of the 1937 Act and 24 C.F.R. § 983.6 do not apply to assistance provided under RAD.
- h. **Consistency with PHA Plan and Other Goals.** Section 8(o)(13)(ii) of the 1937 Act and 24 C.F.R. §§ 983.57(b)(1) and (c) do not apply.

[Signatures appear on the following page.]

Signature Page

Warning: The below signatories certify that the information provided on this form and in any accompanying documentation is true and accurate. The below signatories understand that any misrepresentations may be subject to civil and/or criminal penalties including, but not limited to, fine or imprisonment, or both under the provisions of Title 18, United States Code, Sections 1001 and 1010

As evidenced by the signature below of their authorized representative, the Owner and Contract Administrator hereby agree to the terms of this HAP Contract.

Owner

Redlands Valencia Grove II Associates, LLC

[Print or type name of Owner]

By: _____
[Signature of authorized representative]

Name: Anthony Perez

[Print or type name of signatory]

Title: Executive Director

[Print or type title of signatory]

Date: _____

Contract Administrator

Housing Authority of the County of San Bernardino

[Print or type name of Contract Administrator]

By: _____
[Signature of authorized representative]

Name: Maria Razo

[Print or type name of signatory]

Title: Executive Director

[Print or type title of signatory]

Date: _____

EXHIBIT A**TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT;
INITIAL RENT TO OWNER; AND DESCRIPTION OF CONTRACT UNITS**

A total of one hundred and four (104) units are within the property identified in this HAP Contract, of which one hundred and three (103) units will be covered by this HAP Contract.

Development: Valencia Grove II
Address: 103 E Sharon Rd
City, State, Zip: Redlands, CA 92374
Assessor's Parcel No. TM 18762-2

The property consists of sixteen separate residential 2-story buildings that contain apartment flats for a total of 104 families (which includes one 2-bedroom manager's unit).

The 103 contract units are broken down as follows:

Number of Units	Bedrooms	AMI	Size (Sq. ft.)	Contract Rent*
24	1	80%	858-1248	\$1,835
50	2	80%	928-1267	\$2,293
18	3	80%	900-1135	\$2,857
11	4	80%	1300-1700	\$3,208

*Housing Assistance Payments will begin on January 1, 2026.

EXHIBIT B

**SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT
CHARGES IN ADDITION TO RENT TO OWNER**

Unit amenities:

- Central heating/cooling
- Ceiling fans
- Blinds
- Washer/Dryer
- Refrigerator
- Range/oven
- Dishwasher
- Garbage disposal
- Private patio or balcony (Select units only)
- Private Garages

Community amenities:

- On-site manager
- Shade structure
- Playground equipment
- Onsite Parking

EXHIBIT C

**UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY
SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO
OWNER) AND UTILITIES TO BE PAID BY THE TENANTS**

Utilities to be Paid by the Owner Without Charges in Addition to the Rent to Owner:

- Water
- Sewer
- Trash

Utilities to be Paid by the Tenants:

- Water Heating (Gas)
- Heat (Gas)
- Other Electric
- Cooking (Gas)

EXHIBIT D**FEATURES TO BE PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF
SECTION 504 OF THE REHABILITATION ACT OF 1973**

Valencia Grove II will provide all features necessary to comply with:

1. Fair Housing Amendments Act in conjunction with 1986 ANSI A117.1
2. California Building Code (CBC 11B)
3. California Building Code (CBC 11A Division IV)
4. American with disabilities Act under Title II (ADAS)
5. Americans with Disabilities Act under Title III (ADAS)
6. Section 504 of the Rehabilitation Act of 1973 as Amended

The accessible unit types provided are:

1. Mobility Accessible Units: Per CBC 11B-233.3.1.1, a minimum of 5% of the residential dwelling units and at least one of each type of dwelling unit shall be mobility accessible complying with sections 11B-809.2 through 11B-809.4 and shall each be provided with an accessible covered parking space per CBC 11B208.2.3.1.
2. Mobility Adaptable Units: Per CBC 11B-233.3.1.2.2, the ground floor single-story dwelling units are provided with the features of CBC 11A, Div. IV. Per CBC 11B-233.3.1.2.5, a minimum of 10% of total number of multistory units in non-elevator building developments shall be provided with an accessible primary entry, an accessible powder room on the primary entrance level, and all rooms on the primary entry level shall be served by an accessible route and comply with CBC 11A, Div. IV-Dwelling Units Features.
3. Communication Accessible Units: Per CBC 11B-233.3.1.3, a minimum of 2% of the dwelling units and at least one of each type of dwelling unit (11B-233.5) shall provide communication features complying with 11B-809.5 provided with visual door bell signal and visual C/M smoke detector and fire alarm.

The following accessible units are available for the units covered under the HAP Contract.

Mobility Accessible Units

Address	Unit #	Bd/Ba	Address	Unit #	Bd/Ba
190 E. Delaware Ave.	3	2/1	223 E. Delaware Ave.	3	3/2
208 E. Delaware Ave.	2	2/2	235 Horizon Ave.	3	1/1
208 E. Delaware Ave.	3	4/2	235 Horizon Ave.	4	2/1

Mobility Adaptable Units

Address	Unit #	Bd/Ba	Address	Unit #	Bd/Ba
190 E. Delaware Ave.	4	1/1	219 E. Delaware Ave.	3	2/1
194 E. Delaware Ave.	3	1/1	219 E. Delaware Ave.	7	2/1
194 E. Delaware Ave.	4	2/1	223 E. Delaware Ave.	2	3/2
200 E. Delaware Ave.	3	2/1	205 Horizon Ave.	3	2/1
200 E. Delaware Ave.	4	1/1	205 Horizon Ave.	7	2/1
204 E. Delaware Ave.	2	2/2	225 Horizon Ave.	3	1/1
204 E. Delaware Ave.	3	4/2	225 Horizon Ave.	4	2/1
212 E. Delaware Ave.	3	2/1	255 Horizon Ave.	3	2/1
212 E. Delaware Ave.	7	2/1	255 Horizon Ave.	4	1/1
213 E. Delaware Ave.	3	2/1	275 Horizon Ave.	2	2/2
213 E. Delaware Ave.	7	2/1	275 Horizon Ave.	3	4/2
214 E. Delaware Ave.	3	2/1	305 Horizon Ave.	3	2/1
214 E. Delaware Ave.	4	1/1	305 Horizon Ave.	4	1/1

EXHIBIT D**FEATURES TO BE PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF
SECTION 504 OF THE REHABILITATION ACT OF 1973***Communication Accessible Units*

Address	Unit #	Bd/Ba		Address	Unit #	Bd/Ba
208 E. Delaware Ave.	1	2/2		205 Horizon Ave.	8	2/1
208 E. Delaware Ave.	5	4/2		235 Horizon Ave.	5	3/2
205 Horizon Ave.	6	2/2.5		235 Horizon Ave.	6	1/1

Addendum to the HAP Contract — Labor Standards

U.S. Department of Housing
and Urban Development

Public reporting burden for this collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This collection of information is required to apply to the Rental Assistance Demonstration program as authorized by the Consolidated and Further Continuing Appropriations Act of 2012 and subsequent appropriations. Requirements for RAD were established in PIH 2012-32 and subsequent notices. The information will be used to apply certain labor standard requirements for all construction or repair work on projects that are initiated within eighteen (18) months after the effective date of the HAP contract. There are no assurances of confidentiality.

Addendum to the HAP Contract—Labor Standards

This addendum is used for both the Project-Based Voucher HAP Contract and the Project-Based Rental Assistance (“PBRA”) HAP Contract under the Rental Assistance Demonstration and is applicable for all construction or repair work on projects that are initiated within eighteen (18) months after the effective date of the HAP contract. For PBRA HAP Contracts, it is “Exhibit 4” to the HAP Contract.

1. HUD-FEDERAL LABOR STANDARDS PROVISIONS

The owner is responsible for inserting the entire text of section 1 of this Addendum in all construction contracts for construction or repair work on the project that is initiated within eighteen (18) months of the effective date of the HAP contract and, if the owner performs any rehabilitation work on the project, the owner must comply with all provisions of section 1. (Note: Sections 1(b) and (c) apply only when the amount of the prime contract exceeds \$ 100,000.)

(a)(1)(i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project) will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made part hereof regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are

considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321)) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii)(A) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met: (1) The work to be performed by the

classification requested is not performed by a classification in the wage determination; (2) The classification is utilized in the area by the construction industry; and (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (a)(1)(ii)(B) or (C) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determinations or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program: Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the

contractors under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due.

(3)(i) Payrolls and Basic Records. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid

(including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not

be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit them to the applicant, sponsor, or owner, as the case may be, for transmission to HUD or its designee, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sponsoring government agency (or the applicant, sponsor, or owner).

(B) Each payroll submitted shall be accompanied by a "Statement of compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: (1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5(a)(3)(ii), the appropriate information is being maintained under 29 CFR 5.5 (a)(3)(i), and that such

information is correct and complete; (2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR part 3; (3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of Title 18 and section 3801 et seq. of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to

submit the required records or to make them available, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4)(i) Apprentices and Trainees. Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio

permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and

individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal Employment Opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act Requirements. The contractor shall comply with the requirements of 29 CFR part 3 which are incorporated by reference in this Addendum.

(6) Subcontracts. The contractor or subcontractor will insert in any subcontracts the clauses contained in section 1(a)(1) through (11) and such other clauses as HUD or its designee may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this section 1(a).

(7) Contract Terminations; Debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes Concerning Labor Standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

(10)(i) Certification of Eligibility. By entering into this Addendum, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR part 24.

(ii) No part of this Contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Addendum are applicable shall be

discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Addendum to his employer.

(b) Contract Work Hours and Safety Standards Act. The provisions of this paragraph (b) are applicable only where the amount of the prime contract exceeds \$ 100,000. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) Overtime Requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages.

Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$ 10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) Withholding for Unpaid Wages and Liquidated Damages. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraphs (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall

be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

(c) Health and Safety. The provisions of this paragraph (c) are applicable only where the amount of the prime contract exceeds \$ 100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The contractor shall comply with all regulations issued by the Secretary of Labor pursuant to 29 CFR part 1926, and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3701 et seq.

(3) The contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontract as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

2. WAGE AND CLAIMS ADJUSTMENTS

The owner shall be responsible for the correction of all violations under section 1 of this Addendum, including violations committed by other contractors. In cases where there is evidence of underpayment of salaries or wages to any laborers or mechanics (including apprentices and trainees) by the owner or other contractor or a failure by the owner or other contractor to submit payrolls and related reports, the owner shall be required to place an amount in escrow, as determined by HUD sufficient to pay persons employed on the work covered by the Addendum the difference between the salaries or wages actually paid such employees for the total number of hours worked and the full amount of wages required under this Addendum, as well as an amount determined by HUD to be sufficient to satisfy any liability of the owner or other contractor for liquidated damages pursuant to section 1 of this Addendum. The amounts withheld may be disbursed by HUD for and on account of the owner or other contractor to the respective employees to whom they are due, and to the Federal Government in satisfaction of liquidated damages under section 1.

3. EVIDENCE OF UNIT(S) COMPLETION; ESCROW

(a) The owner shall evidence the completion of the unit(s) by furnishing the Contract Administrator a certification of compliance with the provisions of sections 1 and 2 of this Addendum, and that to the best of the owner's knowledge and belief there are no claims of underpayment to laborers or mechanics in alleged violation of these provisions of the Addendum. In the event there are any such pending claims to the knowledge of the owner, the Contract Administrator, or HUD, the owner will place a sufficient amount in escrow, as directed by the Contract Administrator or HUD, to assure such payments.

(b) The escrows required under this section and section 2 of this Addendum shall be paid to HUD, as escrowee, or to an escrowee designated by HUD, and the conditions and manner of releasing and approving such escrows shall be approved by HUD.

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Arrowhead Grove Phase IV Affordable Housing Restore Rebuild Project: Mixed-Finance Financial Closing Documents

RECOMMENDATION(S)

Due to the ongoing process of working toward financial closing, the items attached to this Memorandum are in draft form. This action seeks to have the Board of Commissioners approve the Executive Director to negotiate and execute the documents listed below, on the advice of legal counsel after final review, on behalf of the Housing Authority of the County of San Bernardino ("HACSB") as lender and ground lessor, and on behalf of HACSB as the sole member of Waterman Affordable 4 LLC.

1. Adopt Resolution No. 219 to do the following related to the Arrowhead Grove Phase IV transaction:
 - a. Approve documents related to the lease of the land (the "Lease Documents") including:
 - i. Ground Lease Agreement to be executed by and between HACSB and Arrowhead Grove Phase 4, LP (the "Partnership")
 - ii. Ground Lease Loan from HACSB to Arrowhead Grove Phase 4, LP and documents ancillary to the Ground Lease Loan Agreement including:
 1. Promissory Note to be executed by the Partnership
 2. Deed of Trust to be executed by the Partnership
 - iii. Subordination Agreement to be executed by and among HACSB, the Partnership and Capital One National Association ("Capital One")
 - iv. Bond Regulatory Agreement and Declaration of Restrictive Covenants to be executed by and between California Statewide Communities Development Authority ("CSCDA") and the Partnership, to be acknowledged by HACSB as ground lessor
 - b. Approve documents required by the U.S. Department of Housing and Urban Development ("HUD") for the Mixed-Finance closing (the "Mixed-Finance Documents") including:
 - i. Mixed-Finance Amendment to Annual Contributions Contract to be executed by and between HACSB and HUD.
 - ii. Declaration of Restrictive Covenants to be executed by and among HACSB, the Partnership, and HUD.
 - iii. Regulatory and Operating Agreement to be executed by and between HACSB and the Partnership.
 - iv. HUD Certifications and Assurances (HUD 50161) to be executed by HACSB.
 - c. Approve documents related to the development of the land (the "Development Documents") including:
 - i. Second Amended and Restated Reciprocal Easement Agreement to be executed by HACSB and acknowledge to by all of the Waterman Gardens limited partnerships.
 - ii. Partial Assignment and Assumption of City Development Agreement to be executed by and among HACSB, the City of San Bernardino (the "City") and the Partnership.

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- iii. Subordination of the City Development Agreement to the Declaration of Restrictive Covenants and the Regulatory and Operating Agreement to be executed by and among HACSB, the Partnership, HUD, and the City as applicable.
 - iv. Temporary License and Construction Agreement to be executed by and between HACSB and National Community Renaissance of California ("CORE").
 - v. Joint Development Agreement to be executed by and between HACSB and CORE.
 - d. Approve documents related to the ownership entity to be executed by HACSB and Waterman Affordable 4 LLC (the "Partnership Documents") including
 - i. Limited Partnership Agreement to be executed by the partners of the Partnership.
 - ii. Purchase Option and Right of First Refusal and Memorandum to be executed by and among the Partnership, CORE and HACSB.
 - iii. Development Fee Agreement to be executed by and among CORE, HACSB, and the Partnership.
 - e. Authorize the Executive Director of the Housing Authority of the County of San Bernardino, upon consultation with Legal Counsel, to execute and deliver the Lease Documents, Mixed-Finance Documents, Development Documents, Partnership Documents, and other ancillary documents necessary to carry out and close the transaction including but not limited with escrow instructions, certifications, and affidavits (the "Ancillary Documents").
- (Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

Aspirational Statement #5: To create, build and utilize partnerships that provide opportunities and create a meaningful difference in the lives of the families that we serve, maximizing out resources by mobilizing the talents of our community partners.

FINANCIAL IMPACT

Approval of this resolution will approve the Executive Director to execute the documents described above, which are necessary to proceed with the financial closing for the development of a 92-unit multifamily affordable housing community at Arrowhead Grove Phase IV. If approved, HACSB shall contribute the appraised value of the land (\$3,600,000) to the project in the form of a Ground Lease loan.

BACKGROUND INFORMATION

Arrowhead Grove is a redeveloped affordable housing community located at the site of the former Waterman Gardens Public Housing development in the City of San Bernardino. The community originally consisted of 252 Public Housing units built in 1943. Since 2013, HACSB has been redeveloping the site in phases. To date, three phases of housing have been completed, bringing in a total of 322 new units to the community. Of those 322, 35 are market rate units. Planning and preparation for Phase IV is nearly complete. This phase will bring 91 additional affordable multi-family units to the site (not including one (1) manager's unit in the unit count). This phase is also

Arrowhead Grove Phase IV Affordable Housing Restore Rebuild Project: Mixed-Finance Financial Closing Documents

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part of the broader strategy to stimulate economic and development activity in the surrounding neighborhood through creation of a mixed income, mixed use community. Unlike previous phases of redevelopment, Phase IV leverages the U.S. Department of Housing and Urban Development's (HUD) Restore-Rebuild process. Restore-Rebuild, formerly known as Faircloth to RAD, is a process that allows housing authorities to restore the rental assistance subsidies that were lost as public housing was demolished or disposed of over the years to build new public housing units through the mixed-finance development method with pre-approval to immediately convert the property to a long-term project-based Housing Choice Voucher contract through the Rental Assistance Demonstration (RAD) program. Approval of this item will allow the project to close the Mixed Finance portion of the Restore Rebuild transaction, tax credit and tax-exempt bond financing and proceed to construction.

On February 17, 2024, the Board of Commissioners approved Resolution No. 2024-11 which awarded the development of Phase IV of Arrowhead Grove to National Community Renaissance of California (NCRC). The approval also included a commitment to ground lease the project site to the developer, which will incorporate a ground lease loan at the market value of the land \$3,600,000. The site will be built as Public Housing and immediately converted to the Housing Choice Voucher Program through the Restore-Rebuild process. On August 12, 2024, the California Strategic Growth Council (SGC) awarded the project \$15,847,276 under the Affordable Housing and Sustainable Communities (AHSC) program.

The development team successfully secured a variety of other loan commitments from local sources to finance construction of the project. The Community Development and Housing Department committed a HOME loan from the County of San Bernardino in the amount of \$5,000,000. Similarly, the City of San Bernardino has committed \$4,900,000 in their HOME fund allocation to the project. Confirmation of the AHSC award and the various loan commitments enabled the development team to secure an allocation of 4% tax credits from the California Tax Credit Allocation Committee (TCAC) and tax-exempt private activity bonds from the California Debt Limit Allocation Committee (CDLAC).

The total construction cost includes the development of the 92 units, a retention basin, ancillary parking and off-site improvements to Olive Street and Baseline Road. In addition, the AHSC grant will fund specific improvements that will enhance the surrounding community in regards to public transit, bike routes, and new sidewalks, providing safe routes to schools for local children.

HACSB must execute the following principal documents: the Lease Documents, the Mixed-Finance Documents, the Development Documents, the Partnership Documents, and the Ancillary Documents. These documents are presented in substantially final form. Any changes to the documents following approval by the Board of Commissioners will be evaluated and accepted only on the advice and approval of HACSB's legal counsel.

Lease Documents: HACSB will lease approximately 4.59 acres of the former Waterman Gardens public housing site in San Bernardino to the Partnership for a term of approximately ninety (90) years. The lease shall be financed by a Ground Lease Loan representing the current appraised value of \$3,600,000 of the leased premises. HACSB will be required to enter into a Subordination Agreement with Capital One, the senior lender, subordinating the Deed of Trust associated with

Arrowhead Grove Phase IV Affordable Housing Restore Rebuild Project: Mixed-Finance Financial Closing Documents

September 9, 2025

the Ground Lease Loan, to the Capital One financing. HACSB as Ground Lessor will also acknowledge the Bond Regulatory between CSCDA and the Partnership which Regulatory Agreement will be recorded against the Partnership's leasehold interest in the Land.

Mixed-Finance Documents: As required by HUD, HACSB will execute the Mixed-Finance program documents specified in the recommendation portion of this memorandum. These documents are part of the Restore-Rebuild process and allow the new units to be constructed as if it were a public housing development, followed by conversion to project-based Housing Choice Voucher units under the RAD program. The RAD conversion will take place after the completion of construction. HACSB will be required to execute other documents related to the RAD program at the time of conversion; those documents will be presented to the HACSB Board of Commissioners for approval at that time.

Development Documents. In order to facilitate the development of the Project on the Land, HACSB will enter into the following documents: Second Amended and Restated Reciprocal Easement Agreement executed by HACSB and acknowledged to by all of the Waterman limited partnerships regarding the shared use of the site by all of the affordable developments, a Partial Assignment and Assumption of City Development Agreement by and among HACSB, the City and the Partnership, Subordination of the City Development Agreement to the Declaration of Restrictive Covenants and the Regulatory and Operating Agreement among HACSB, the Partnership, HUD, and the City as applicable, Temporary License and Construction Agreement by and between HACSB and CORE regarding the construction of the detention basin, and a Joint Development Agreement by and between HACSB and CORE regarding the agreement between HACSB and CORE for their respective predevelopment and development obligations.

Partnership Documents. HACSB created Waterman Affordable 4 LLC (the "LLC") with HACSB as the sole member to serve as a Class A Limited Partner in the Partnership. HACSB and the LLC will enter into the following documents related to the LLC's role in the Partnership, HACSB's right to acquire the Project at the conclusion of the 15-year low-income housing tax credit compliance period, and the payment of developer fees: Limited Partnership Agreement, Purchase Option and Right of First Refusal and Memorandum, and Development Fee Agreement.

Ancillary Documents: HACSB will execute documents ancillary to the above documents, including but not limited to certifications, escrow instructions, affidavits.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Resolution No. 219 – Arrowhead Grove IV Closing Documents
- Attachment – Arrowhead Grove IV Closing Documents

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 21, 2025.

HOUSING AUTHORITY RESOLUTION NO. 2025-219

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AUTHORIZING CERTAIN ACTS AND APPROVING CERTAIN AGREEMENTS RELATING TO THE ARROWHEAD GROVE PHASE IV AFFORDABLE HOUSING PROJECT AND AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE ANY AND ALL CONTRACTS AND DOCUMENTS REQUIRED IN CONNECTION THERETO

On Tuesday, September 9, 2025, on motion of Commissioner _____, duly seconded by Commissioner _____ and carried, the following Resolution No. 2025-219 is adopted by the Board of Commissioners of the Housing Authority of the County of San Bernardino.

WHEREAS, the Housing Authority of the County of San Bernardino (“HACSB”) is a duly formed housing authority of the State of California, and is vested with the responsibilities set forth in Division 24, Part 2, Article 4 (Sections 34310-34334) of the California Health and Safety Code, which includes providing low and moderate income housing within its jurisdiction;

WHEREAS, on February 17, 2024, the Board of Commissioners approved Resolution No. 2024-11 which awarded the development of Phase 4 of Arrowhead Grove to National Community Renaissance of California (“NCRC”), a California 501(c)(3) tax exempt nonprofit public benefit corporation formed to assist in providing affordable housing;

WHEREAS, HACSB and NCRC entered into a Joint Development Agreement to document their respective roles and responsibilities with regard to the development of the Arrowhead Grove Apartments, Phase 4 project consisting of ninety-one (91) affordable multi-family units and one (1) manager’s unit (“Project”);

WHEREAS, HACSB is the owner of the former Waterman Gardens Public Housing site, which consists of approximately 38 acres at the southeast corner of Waterman Avenue and Baseline Street in the City of San Bernardino, San Bernardino County, California (“Project Site”);

WHEREAS, NCRC, acting through its affiliated entity known as NCRC AG4 MGP LLC, a California limited liability company (“Managing General Partner”) and HACSB, acting through Waterman Affordable 4 LLC, a California limited liability company (“Waterman 4 LLC”) formed the California limited partnership, Arrowhead Grove Phase 4 LP, a California limited partnership (“Partnership”) to develop, own and operate the Project; and the Partnership will grant HACSB the Option and Right of First Refusal to purchase the Project or the limited partnership interest at the end of the fifteen (15) year tax credit compliance period;

WHEREAS, HACSB will convey a leasehold interest in a portion of the Project site to the Partnership by execution of a long-term ground lease for development of the Project;

WHEREAS, HACSB will allow easements for right-of-way and reciprocal use to be established at the Project Site to facilitate development of the Project;

WHEREAS, the HACSB Board of Commissioners Resolution No. 2024-11 also included a commitment to ground lease the project site to the developer, which will incorporate a ground lease loan at the market value of the land \$3,600,000 and provide Restore Rebuild vouchers to convert the site from Public Housing to Project-Based Vouchers under the United States Department of Housing and Urban Development ("HUD") Rental Assistance Demonstration ("RAD") program;

WHEREAS, on August 12th, 2024, the California Strategic Growth Council (SGC) awarded the Project \$15,847,276 under the Affordable Housing and Sustainable Communities (AHSC) program to fund specific improvements that will enhance the surrounding community in regards to public transit, bike routes, and new sidewalks, providing safe routes to schools for local children; and

WHEREAS, additional funding sources secured by the development team include a commitment from the Community Development and Housing Department of a HOME loan from the County of San Bernardino in the amount of \$5,000,000, a HOME fund allocation of \$4,900,000 from the City of San Bernardino, an allocation of 4% tax credits from the California Tax Credit Allocation Committee (TCAC) and tax-exempt private activity bonds from the California Debt Limit Allocation Committee (CDLAC).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the County of San Bernardino, as follows:

Section 1. The above recitals are true and correct, and the Board of Commissioners of the Housing Authority so finds and determines.

Section 2. The Board of Commissioners of HACSB hereby approves the Lease Documents, Mixed-Finance Documents, Development Documents, Partnership Documents, and Ancillary Documents, as such terms are defined below:

- a. Documents related to the lease of the land ("Lease Documents") and on file with the Secretary of the Board, including:
 - i. Ground Lease Agreement to be executed by and between HACSB and the Partnership;
 - ii. Ground Lease Loan from HACSB to the Partnership and documents ancillary to the Ground Lease Loan Agreement including:
 1. Promissory Note to be executed by the Partnership; and
 2. Deed of Trust to be executed by the Partnership
 - iii. Subordination Agreement to be executed by and among HACSB, the Partnership and Capital One National Association ("Capital One"); and
 - iv. Bond Regulatory Agreement and Declaration of Restrictive Covenants to be executed by and between California Statewide Communities Development Authority ("CSCDA") and the Partnership, to be acknowledged by HACSB as ground lessor.
- b. Documents required by HUD for the Mixed-Finance closing ("Mixed-Finance Documents") and on file with the Secretary of the Board, including:

- i. Mixed-Finance Amendment to Annual Contributions Contract to be executed by and between HACSB and HUD;
 - ii. Declaration of Restrictive Covenants to be executed by and among HACSB, the Partnership, and HUD;
 - iii. Regulatory and Operating Agreement to be executed by and between HACSB and the Partnership; and
 - iv. HUD Certifications and Assurances (HUD 50161) to be executed by HACSB.
- c. Documents related to the development of the land ("Development Documents") and on file with the Secretary of the Board, including:
- i. Second Amended and Restated Reciprocal Easement Agreement to be executed by HACSB and acknowledge to by all of the Waterman Gardens limited partnerships;
 - ii. Partial Assignment and Assumption of City Development Agreement to be executed by and among HACSB, the City of San Bernardino ("City") and the Partnership;
 - iii. Subordination of the City Development Agreement to the Declaration of Restrictive Covenants and the Regulatory and Operating Agreement to be executed by and among HACSB, the Partnership, HUD, and the City as applicable;
 - iv. Temporary License and Construction Agreement to be executed by and between HACSB and National Community Renaissance of California ("CORE"); and
 - v. Joint Development Agreement to be executed by and between HACSB and CORE.
- d. Documents related to the ownership entity to be executed by HACSB and Waterman Affordable 4 LLC ("Partnership Documents") and on file with the Secretary of the Board, including:
- i. Limited Partnership Agreement to be executed by the partners of the Partnership.
 - ii. Purchase Option and Right of First Refusal and Memorandum to be executed by and among the Partnership, CORE and HACSB.
 - iii. Development Fee Agreement to be executed by and among CORE, HACSB, and the Partnership.
- e. All other ancillary documents necessary to carry out and close the transaction including but not limited to escrow instructions, certifications, and affidavits ("Ancillary Documents").

Section 3. The Board of Commissioners of HACSB hereby authorizes and directs the Executive Director of HACSB ("Authorized Officer") to execute and deliver the Lease Documents, Mixed-Finance Documents, Development Documents, and Partnership Documents on file with the Secretary of the Board, and Ancillary Documents, for and in the name of HACSB, with such changes, insertions and omissions as HUD or the Authorized Officer, in consultation with Legal Counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution of said documents by the Authorized Officer; provided said documents do not in materially conflict with the substance and intent of this Resolution.

Section 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of San Bernardino, by the following vote:

AYES: COMMISSIONER:

NOES: COMMISSIONER:

ABSENT: COMMISSIONER:

* * * * *

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Board of Commissioners of the Housing Authority of the County of San Bernardino, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Commissioners, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of Tuesday, September 9, 2025.

Secretary

By _____

**GROUND LEASE AGREEMENT
(Arrowhead Grove Phase IV Project)**

THIS GROUND LEASE AGREEMENT ("Lease"), dated for reference purposes as of _____, 2025, is entered by and between the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic ("Lessor"), and ARROWHEAD GROVE PHASE 4 LP, a California limited partnership ("Lessee").

RECITALS

A. Lessor owns an approximately 4.59-acre parcel of vacant land, located in San Bernardino, California, more specifically described on Exhibit A attached hereto (the "Property").

B. The Property is comprised of one vacant parcel, Parcel D on the Tract Map, as defined below, and is part of the larger redevelopment of the former Waterman Gardens public housing development (the "Redevelopment").

C. Lessor desires to lease the Property to Lessee for a period of ninety (90) years pursuant to the terms of this Lease.

D. The Property is unimproved. Lessee intends to construct a ninety-two (92) unit development on the Property. For purposes ancillary to Parcel D, and otherwise to benefit the public and residents of the Redevelopment, Lessee has agreed to construct parking and public open space improvements serving the Property.

E. The Leased Premises was formerly public housing as that term is defined in the United States Housing Act of 1937, 42 U.S.C.A. 1437 et seq. as amended from time to time (the "Act").

F. Lessor applied to the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates ("HUD"), pursuant to Section 18 of the United States Housing Act of 1937 (42 U.S.C.A. 1437p) and its implementing regulations at 24 Code of Federal Regulation 970 et seq, for approval to dispose of the Leased Premises.

G. HUD granted the Lessor approval to dispose of the Leased Premises to the Lessee, on the condition that the Original Lease conform to requirements contained in the disposition approval from HUD, as set forth in the approval letter from HUD dated _____, as amended by a subsequent letter dated _____, and a Disposition Agreement (Phase II Rental) between HUD and Lessor dated as of _____, and that Prior Lessee operate the Development in accordance with the Use Agreement between Lessor and Lessee dated as of _____ and recorded against the Leased Premises and Lessor's Estate (the "Use Agreement").

H. Lessor desires to participate in the Restore-Rebuild program ("Restore Rebuild") administered by HUD which provides funding to create a "Mixed Finance Development" through development of affordable housing, including replacement public housing units, in partnership with third parties. Through Restore Rebuild, Lessor will (i) convert the

Development to a Mixed Finance Development (the "Mixed Finance Closing") and bring ninety-one (91) units from the Development online as public housing (the "Public Housing Units") and then (ii) convert the Development from mixed finance to Project-based Section 8 assistance through HUD's Rental Assistance Demonstration ("RAD") Program (the "RAD Closing"). The RAD Program is authorized under the Consolidated and Further Continuing Appropriations Act of 2012, as further described in HUD Notice H-2019-09, PIH-2019-23 (HA), "Rental Assistance Demonstration – Final Implementation, Revision 4" Notice H-2019-09 PIH-2019-23 (HA), issued on September 5, 2019, and as supplemented by HUD Notice H-2023-08 PIH-2023-19 (HA) Rental Assistance Demonstration – Supplemental Notice 4B" issued on July 27, 2023, and administered by HUD (the "RAD Notice"). Through the RAD Program the Development will convert from a Mixed-Finance Development such that the Public Housing Units will cease to be public housing and will convert to Project-Based Section 8 units.

I. In connection with the Mixed Finance Closing, HUD will release the Use Agreement from Lessor's Estate and record a Declaration of Trust / Restrictive Covenants ("DORC") on Lessor's Estate. Lessee and Lessor will also enter into a Regulatory And Operating Agreement to be recorded on Lessee's Estate (the "Regulatory and Operating Agreement").

J. In connection with the RAD Closing, HUD will record on Lessor's Estate a Rental Assistance Demonstration Use Agreement by and among Lessor, Lessee, and HUD specifying the affordability and use restrictions governing the Development under the RAD Program ("RAD Use Agreement").

K. Capitalized terms which are referred to and utilized throughout this Lease are defined in Article 1 of this Lease.

NOW, THEREFORE, for and in consideration of the foregoing premises, the covenants, representations, warranties and agreements set forth in this Lease, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1 Definitions.

For the purposes of this Lease, the following defined terms shall have the meanings ascribed to them in this Article 1:

(a) Acquisition Closing: The date on which the Memorandum of Lease is recorded against the Property and financing necessary for the construction of the Development is provided to Lessee, and any deeds of trust related to such financing, are recorded against the Development.

(b) Appraisal: That certain appraisal dated as of _____, 202____, prepared by _____, which, among other things, establishes the appraised value of the Leased Premises.

(c) Approved Development Plans: As defined in Section 3.2(a) of this Lease.

(d) Approved Financing: In addition to the Ground Lease Loan, the following loans, grants and equity obtained by Lessee and approved by Lessor for the purpose of financing the construction of the Development:

(1) California Statewide Communities Development Authority bonds in the approximate amount of Thirty-Three Million Six Hundred Dollars (\$33,600,000), that are purchased by Capital One, N.A. and the sale proceeds of which are loaned to Lessee.;

(2) A loan from the County of San Bernardino in the approximate amount of Five Million Dollars (\$5,000,000);

(3) A loan from the City of San Bernardino in the approximate amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000);

(4) General Partner capital contribution in the approximate amount of One Hundred Dollars (\$100);

(5) Low Income Housing Tax Credit investor equity funds in the approximate amount of Twenty-Eight Million Five Hundred Twenty-Seven Thousand Thirty-Eight Dollars (\$28,527,038) (the "Tax Credit Investor Equity"); and

(6) An Affordable Housing Sustainable Communities (Affordable Housing Development) permanent loan from HCD in the approximate amount of Eight Million Seven Hundred Thirty-Five Thousand Dollars (\$8,735,000).

(e) Casualty: As defined in Article 11 of this Lease.

(f) City: City of San Bernardino.

(g) Construction Contract: As defined in Section 3.2(c) of this Lease.

(h) Commencement Date: The date of the Acquisition Closing.

(i) Development: The Improvements and Lessee's Estate.

(j) Development Agreement: As defined in Section 3.6 of this Lease.

(k) DORC: As defined in Recital I.

(l) Event of Default: As described in Article 12 of this Lease.

(m) Governmental Authorities: Any applicable federal, state or local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities having jurisdiction over the Leased Premises, the Improvements, Lessor or Lessee.

(n) Ground Lease Loan: That certain loan in the amount of Three Million Six Hundred Thousand Dollars (\$3,600,000) provided by Lessor to Lessee to finance this Lease, evidenced by the Ground Lease Note, a deed of trust, and a regulatory agreement.

(o) Ground Lease Note: The promissory note evidencing Lessee's obligation to repay the Ground Lease Loan.

(p) Hazardous Materials or Hazardous Substances: Any oil or any fraction thereof or petroleum products or "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14) or Section 25281(h) or 25316 of the California Health and Safety Code at such time; any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time; any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.), at such time; and any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Leased Premises, but excluding any substances or materials used in the construction, development, maintenance or operation of the Improvements, so long as the same are used in accordance with all applicable laws.

(q) Hazardous Materials Law: All federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Leased Premises or any portion of the Leased Premises.

(r) HUD: As defined in Recital E.

(s) Impositions: All taxes including property taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied or imposed during the Term by any Governmental Authorities upon the Leased Premises or any part of the Leased Premises, including the buildings or improvements now or later located on the Leased Premises; provided, however, that the term "Impositions" shall not include any income tax, capital levy, estate, succession, inheritance, transfer or similar taxes of Lessor, or any franchise tax imposed upon any owner of the fee of the Leased Premises, or any income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by Lessor under this Lease by any Governmental Authorities.

(t) Improvements: The ninety-two (92) multifamily housing units including one (1) manager unit to be constructed on Lessee's Estate and related ancillary facilities, including but not limited to, parking and common spaces.

(u) Investor: The limited partner investor of Lessee providing the Tax Credit Investor Equity to the Development, and its successors and assigns.

(v) Leased Premises: That certain leasehold interest in the Property, together with all rights, easements, licenses, privileges and appurtenances attaching or in any way belonging to the Property.

(w) Lease Year: The initial Lease Year shall begin on the Commencement Date and shall end of December 31 of the calendar year in which the Commencement Date occurs. All subsequent Lease Years begin on January 1 and end on December 31.

(x) Legal Requirements: The Regulatory Agreements, the RAD Requirements, and all laws, statutes, codes, ordinances, orders, rules, regulations and requirements of all Governmental Authorities and the appropriate agencies, officers, departments, boards and commissions, whether now or later in force, applicable to Lessor, Lessee, the Leased Premises, the Improvements, or any portion of them, to the extent so applicable.

(y) Lessee's Estate: Lessee's interest in the Leased Premises acquired pursuant to this Lease and any other interest in the Leased Premises later acquired by Lessee.

(z) Lessor's Estate: Lessor's fee estate in the Property.

(aa) Maintenance Notice: As defined in Section 7.2(b) of this Lease.

(bb) Management Agent: The Person designated from time to time as "Management Agent" of all or any portion of the Improvements under any management agreement entered into from time to time with Lessee.

(cc) Memorandum of Lease. The memorandum of the Lease to be recorded against the Leased Premises in the form attached hereto as Exhibit B.

(dd) Mortgage: Any mortgage, deed of trust, security agreement or collateral assignment executed in connection with Approved Financing for the Development, encumbering Lessee's Estate.

(ee) Mortgagee: The holder, mortgagee, grantee or secured party under any Mortgage and its successors and assigns.

(ff) Net Condemnation Award: The net amounts owed or paid to the Parties or to which either of the Parties may be or become entitled by reason of any Taking or pursuant to any agreement with any condemning authority which has been made in settlement of any proceeding relating to a Taking, less any costs and expenses incurred by the Parties in collecting such award or payment.

(gg) Official Records: The official land records of the County of San Bernardino.

(hh) Offsite Improvements: As defined in 3.6 of this Lease.

(ii) Option: The purchase option and right of first refusal anticipated to be set forth in a Purchase Option Agreement and Right of First Refusal Agreement between Lessor or an affiliate of Lessor, and Lessee, with respect to the Development.

(jj) Partnership Agreement: The agreement among Lessee's general partner, the Investor, and other limited partners that governs the operation and organization of Lessee as a California limited partnership.

(kk) Party: Lessor or Lessee, as applicable. Lessor and Lessee shall be referred to collectively as the "Parties."

(ll) Person: An individual, partnership, corporation, limited liability company, trust, unincorporated association, or other entity or association.

(mm) Property: That certain tract of real property located in the City, upon which the Development is to be located and which is being leased to Lessee pursuant to this Lease, as described in the attached Exhibit A.

(nn) RAD Conversion Commitment: The Rental Assistance Demonstration Conversion Commitment among HUD, Lessor and Lessee dated as of _____, 2025.

(oo) RAD Documents: Collectively, the RAD Conversion Commitment, the RAD Use Agreement, the RAD HAP Contract, and any other documents applicable to the Development under the RAD Program.

(pp) RAD HAP Contract: The contract to be entered into between the Lessee and the Lessor substantially contemporaneously herewith, that sets forth the rights and duties of Lessee and Lessor with respect to the Development and the payments under the contract. For the purpose of this Lease the term means collectively, the following documents: Rental Assistance Demonstration for the Conversion of Public Housing to the Section 8 Project-Based Voucher Program- Parts I & II (HUD Form 52530A) and Addendum to HAP Contract – Labor Standards.

(qq) RAD Program: As defined in Recital E.

(rr) RAD Requirements: All requirements of the RAD Program applicable to Lessee as set forth in the RAD Documents and any other rules or regulations promulgated by HUD for the RAD Program.

(ss) RAD Use Agreement: As defined in Recital G.

(tt) Redevelopment: As defined in Recital B.

(uu) Reciprocal Easement Agreement: As described in Section 3.7 of this Lease.

(vv) Regulatory Agreements: Any recorded restrictions related to Approved Financing, the DORC, the Regulatory and Operating Agreement, and the RAD Use Agreement, setting forth certain terms and conditions under which the Development will be operated.

(ww) Regulatory and Operating Agreement: As defined in Recital I.

(xx) Rent: As described in Section 4.1 of this Lease.

(yy) Taking: A taking during the Term of all or any part of the Leased Premises and/or the Improvements, or any interest in the Leased Premises and/or the Improvements or right accruing to the Leased Premises and/or the Improvements as a result of the exercise of the right of condemnation or eminent domain materially affecting the Leased Premises or any part of the Leased Premises. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right or interest so taken must be surrendered to the condemning authority, or (b) the date title vested in a condemning authority or other party pursuant to any Taking.

(zz) Tenant(s): Any tenant, sublessee or licensee of Lessee under any Tenant Lease(s).

(aaa) Tenant Lease(s): Any lease or license agreement entered into by Lessee with residents of the Units.

(bbb) Term: The period of time described in Section 2.3 of this Lease.

(ccc) Tract Map: Tract Map No. 18829 approved by the City on or about July 21, 2021 and recorded with the San Bernardino County Recorder's Office as Instrument No. 2021-0563577 on December 16, 2021.

(ddd) Transfer: Any sale, assignment, transfer, conveyance, encumbrance, mortgage, or hypothecation, in any manner or form or any agreement to do any of the foregoing.

(eee) Unit(s): The ninety-two (92) residential units including one (1) manager unit to be constructed on the Leased Premises.

Section 1.2 Exhibits. The Exhibits referred to in this Agreement and attached to and incorporated in this Lease are:

Exhibit A: Legal description of the Property

Exhibit B: Memorandum of Lease

ARTICLE 2. LEASE OF THE LEASED PREMISES

Section 2.1 Leased Premises. Subject to the terms of this Lease and in consideration of the covenants of payment and performance stipulated in this Lease, beginning on the Commencement Date, Lessor does lease the Leased Premises to Lessee, and in consideration thereof, Lessee does take, hire and lease the Leased Premises from Lessor pursuant to the terms of this Lease.

Section 2.2 Possession. Lessor agrees to and shall provide possession of the Leased Premises to Lessee on the Commencement Date.

Section 2.3 Term. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term ("Term"), commencing on the Commencement Date and expiring on the ninetieth (90th) anniversary of the Commencement Date.

Section 2.4 Memorandum of Lease. The Parties shall execute and acknowledge the Memorandum of Lease, in the form attached hereto as Exhibit B, which Lessee shall cause to be immediately recorded in the Official Records at Lessee's expense.

Section 2.5 Use of Development.

(a) Improvements. Lessee shall, throughout the Term, continuously use Parcel B of the Development only for the construction, development, operation, marketing for lease and leasing of the Improvements, and such other uses as are reasonably and customarily attendant to such uses, subject to the Legal Requirements and this Lease. Further, Lessee agrees:

(1) not to use, or permit the use of, the Development for any improper, immoral, unlawful or objectionable or offensive purpose, nor shall Lessee cause, maintain or suffer or permit any nuisance in, on or about the Development;

(2) at its sole cost and expense, to comply, and use commercially reasonable efforts to cause all Tenants to comply, in all material respects with all Legal Requirements, all Hazardous Materials Laws, this Lease and all insurance requirements, to the extent applicable, in their use and occupation of the Development;

(3) upon reasonable prior notice from Lessor, to take reasonable action, if necessary, to abate any action by any Tenant that would cause Lessee to violate this Lease; and

(4) subject to the rights of Tenants, to permit Lessor and its agents upon not less than forty-eight (48) hours' prior written notice to inspect the Leased Premises or any part of the Leased Premises at any reasonable time during the Term.

(b) Operating Budget. At or prior to the beginning of each year of the Term, Lessee shall provide to Lessor an annual budget for the maintenance and operation of the Property and the Improvements, which shall include the cost of insurance required to be maintained by this Lease. Unless rejected by Lessor in writing within thirty (30) days after receipt of the budget, the budget will be deemed accepted. If rejected by Lessor in whole or in part, Lessee shall submit a new or corrected budget within thirty (30) calendar days after

notification of Lessor's rejection and the reasons therefor. Unless rejected by Lessor in writing within fifteen (15) days after receipt of the budget, the revised budget will be deemed accepted. During any period in which no approved budget is in effect, Lessee shall operate in accordance with the prior year's budget adjusted for inflation, except for non-discretionary matters such as taxes or insurance.

Section 2.6 Non-Discrimination.

(a) Lessee shall not discriminate against, or segregate any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, disability, medical condition, age, familial status, or source of income in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Leased Premises nor shall Lessee, or any person claiming under or through Lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Tenants, lessees, subtenants, sublessees or vendees of the Leased Premises. Lessee shall otherwise comply with all applicable local, state, and federal laws concerning discrimination. The foregoing covenant shall run with the land.

(b) Lessor shall be entitled to invoke any remedies available at law or in equity to redress any breach of Subsection (a) or to compel compliance therewith by Lessee.

ARTICLE 3. THE IMPROVEMENTS

Section 3.1 Title to Improvements.

(a) Title to Improvements During the Term. As of the Commencement Date, Lessor grants to Lessee, without warranty express or implied, any right, title, or interest that Lessor has or may have in the Improvements now or later located on the Leased Premises which Improvements are and shall remain real property. Notwithstanding any provision in this Lease to the contrary, the Improvements and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on, under or to the Leased Premises or Improvements shall be the sole property of Lessee until the expiration of the Term or other termination of this Lease; provided, however, that Lessee shall have no right to destroy, demolish or remove the Improvements except as specifically provided for in this Lease or as approved in writing by Lessor. It is the intent of the parties hereto that this Lease shall create a constructive notice of severance of the Improvements from the Leased Premises without the necessity of a deed from Lessor after the Improvements have been constructed.

(b) Title to Improvements After the termination of Lease. Upon the expiration of the Term or other termination of the Lease, the Improvements and all alterations, additions, equipment and fixtures shall be deemed to be and shall automatically become the property of Lessor, without cost or charge to Lessor. Lessor agrees that Lessee, at any time prior to the sixtieth (60th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all equipment which Lessee has furnished for maintenance purposes or for the use of the Management Agent, provided that Lessee shall repair any physical damage to the Leased Premises caused by the removal of

such equipment and property. Lessee agrees to execute, at the request of Lessor at the end of the Term, a quitclaim deed of the Improvements to Lessor to be recorded at Lessor's option and expense and any other documents that may be reasonably required by Lessor or Lessor's title company to provide Lessor title to the Leased Premises and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by Lessor.

Section 3.2 Construction of the Improvements.

(a) The construction plans and specifications attached as Exhibit E to the Construction Contract that have been approved by Lessor (the "Approved Development Plans") set out the requirements for the Improvements. Lessee shall pay all costs of construction of the Improvements.

(b) Lessee shall cause the commencement of construction of the Improvements on or before June 25, 2025. Lessee shall cause the Improvements to be constructed in substantial compliance with the Approved Development Plans. Lessee shall cause construction of the Improvements to be completed by February 15, 2027, which date will be reasonably extended for casualty or other force majeure events beyond the reasonable control of Tenant, or if an extension of the completion date is given pursuant to the terms of a Mortgage pursuant to Approved Financing, in which event the date described here shall be extended by the same period. Lessee shall take no action to effectuate any material amendments, modifications or alterations to the Approved Development Plans or undertake any demolition, construction or rehabilitation work not called out in the Approved Development Plans unless Lessor has approved such, in writing and in advance.

(c) Lessee shall construct the Improvements pursuant to the construction contract between Lessee and National Community Renaissance of California as the general contractor (the "Construction Contract") that has been reviewed and approved by Lessor. Lessee shall not materially amend, modify or alter the responsibilities of the general contractor under the construction contract without Lessor's prior written consent.

(d) Lessee is solely responsible for the quality and suitability of the Approved Development Plans, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants in the construction of the Improvements. Lessor shall have the right to inspect the construction of the Improvements. Lessee shall promptly correct any work identified by Lessor as not in compliance with the terms of this Lease. Any review or inspection undertaken by Lessor is solely for the purpose of determining whether Lessee is properly discharging its obligations to Lessor, and may not be relied upon by Lessee or by any third parties as a warranty or representation by Lessee as to the quality of the design or construction of the Improvements. Lessor owes no duty of care to protect Lessee or any other party against, or to inform Lessee or any other party of, any negligent or defective design or construction of the Improvements.

(e) Any and all Improvements constructed by or on behalf of Lessee shall be constructed in a good and worker-like manner, in compliance with all applicable Legal Requirements, including, without limitation, Chapters 11A and 11B of Title 24 of the California Code of Regulations which relate to disabled persons access, the requirements of the Approved Financing and any mitigation measures imposed under environmental reviews

conducted under state or federal law. Lessee acknowledges that the Legal Requirements require the Improvements to be constructed in compliance with the laws, regulations and administrative requirements including (but not limited to) the requirements of the Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. Part 100; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and federal regulations issued pursuant thereto; and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), and federal regulations issued pursuant thereto.

(f) Lessee shall provide Lessor notice upon substantial completion of construction of the Improvements so that Lessor may inspect the Improvements for compliance with the terms of this Lease. Within thirty (30) days of completion of construction of the Improvements, Lessee shall provide Lessor at Lessee's expense, a set of "As-Built" plans for the Improvements.

(g) If Lessee fails to construct the Improvements in accordance with the terms of this Lease, Lessor may, at its option, enforce the payment and performance bonds, letter of credit, or other form of security provided by Lessee and approved by Lessor in its sole discretion.

Section 3.3 No Liens. Lessee shall not have any right, authority or power to bind Lessor, Lessor's Estate or any other interest of Lessor in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Improvements or any change, alteration or addition thereto except as set forth in Section 8.1(a). Lessee shall not have any right to encumber Lessee's Estate without the written consent of Lessor, except as set forth in in Section 8.1(a) and for utility easements and other customary easements necessary and incidental to the development, construction and operation of the Improvements, which easements are subject to the approval of Lessor, which shall not be unreasonably withheld.

Lessee shall promptly pay and discharge all claims for work or labor done, supplies furnished or services rendered at the request of Lessee and shall keep the Leased Premises free and clear of all mechanics' and materialmen's liens in connection therewith. If any claim of lien is filed against the Leased Premises or a stop notice is served on Lessor or other third party in connection with the development, construction or operation of the Improvements or any change, alteration or addition thereto, then Lessee shall, within thirty (30) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lessor a surety bond in sufficient form and amount, or provide Lessor with other assurance reasonably satisfactory to Lessor that the claim of lien or stop notice will be paid or discharged, provided that Lessor provides written notice of such claim of lien or stop notice to Lessee promptly upon receipt by Lessor.

If Lessee fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, Lessor may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Lessee's expense and, Lessee shall pay to Lessor as Additional Rent any such amounts expended by Lessor within thirty (30) days after written notice is received from Lessor of the amount expended. Alternately, Lessor may require Lessee to immediately deposit with Lessor the

amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. Lessor may use such deposit to satisfy any claim or lien that is adversely determined against Lessee.

Lessee shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take all other reasonable steps to forestall the assertion of claims of lien against the Leased Premises. The Lessor shall have the right to post or keep posted on the Leased Premises, or in the immediate vicinity thereof any notices of non-responsibility for any construction, alteration or repair of the Leased Premises by Lessee. Lessee authorizes the Lessor, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Lessor deems necessary or desirable to protect its interest in the Leased Premises.

Section 3.4 Permits, Licenses and Easements. Lessee shall be responsible for obtaining any and all permits, licenses, easements and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises and to grant or cause to be granted all permits, licenses, easements and other governmental authorizations that are necessary or helpful for electric, telephone, gas, cable television, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the construction or operation of the Improvements. Lessee shall be entitled, without separate payment to Lessor for tap or connection fees, to tap into the existing lines, facilities and systems of applicable electric, gas, cable, water, sewer, sewer treatment and other utilities serving the Leased Premises, provided Lessee remains responsible for payment of such fees as are required by the City.

Lessor agrees to use Lessor's reasonable efforts to assist Lessee to obtain waiver, reduction or deferral, as applicable, of all fees and other charges otherwise payable in connection with obtaining any permits, licenses, easements and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises in connection with the Improvements and also agrees to enter into any grants of easements for utilities and related documents, useful or necessary to construct the Improvements.

Section 3.5 Benefits of Improvements During Term. Lessee shall be deemed the sole owner of the Improvements and the sole party entitled to all of the tax attributes of ownership of the Improvements during the Term. Lessor acknowledges and agrees that any and all depreciation, amortization and tax credits for federal or state tax purposes relating to the Improvements located on the Leased Premises and any and all additions to the Leased Premises, substitutions for the Leased Premises, fixtures on the Leased Premises and other property relating to the Leased Premises shall be deducted or credited exclusively to Lessee during the Term and for the tax years during which the Term begins and ends.

Section 3.6 Offsite Improvements. Lessee acknowledges that the Property is subject to a Development Agreement by and between the City and Lessor dated February 18, 2014 and recorded June 12, 2014 with the San Bernardino County Recorder's Office as Instrument No. 2014-0212838, as modified by a Letter Agreement from Lessor dated July 2,

2019 and agreed to and acknowledged by the City (collectively, the "Development Agreement"). Lessee shall construct the offsite improvements required to be constructed pursuant to the Development Agreement at the sole cost and expense of Lessee (the "Offsite Improvements").

Section 3.7 Reciprocal Easement Agreement. An Amended and Restated Declaration Providing for Reciprocal Easements, dated September 30, 2019 and recorded October 01, 2019 with the San Bernardino County Recorder's Office as Instrument No. 2019-0352083, as further amended and restated by that certain on Amended and Restated Declaration Providing for Reciprocal Easements, dated _____, 2025 and recorded _____, 2025 with the San Bernardino County Recorder's Office as Instrument No. 2025-_____ is recorded against the Property (the "Reciprocal Easement Agreement") that governs the use and maintenance of streets, utilities, and public areas of benefit to the Development and other adjacent projects. During the Term Lessee shall comply with the terms of the Reciprocal Easement Agreement as such pertain to the Development.

Section 3.8 Restrictions Applicable to Units. Lessee shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements that are then encumbering Lessee's Estate. To the extent applicable, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

ARTICLE 4. RENTS

Section 4.1 Ground Rent. Lessee shall pay to Lessor rent in the amount of _____ Dollars (\$_____) ("Rent"), which amount reflects the appraised value of the Leased Premises as set forth in the Appraisal. Lessee shall pay Rent through the execution and delivery of the Ground Lease Note on the Commencement Date. No other base or annual rent shall be payable throughout the Term.

Section 4.2 Additional Rents. In addition to the Rent specified in Section 4.1, any and all of the payments that Lessee is required to make under this Lease to or for the benefit of Lessor shall be deemed to be "Additional Rents." All such Additional Rents shall be payable in accordance with the provisions of the Sections of this Lease specifying the payment of such Additional Rents. The Rent specified in Section 4.1 and Additional Rents payable under this Lease shall be deemed "Rents" reserved by Lessor, and any remedies now or later given to Lessor under the laws of the State of California for collection of the Rents shall exist in favor of Lessor, in addition to any and all other remedies specified in this Lease.

Section 4.3 Payments. All Rents or other sums, if any, due Lessor under this Lease shall be paid by Lessee to Lessor at the address of Lessor set forth in this Lease for notices, or to such other person and/or at such other address as Lessor may direct by written notice to Lessee, without notice or demand, and without abatement, deduction or set off.

ARTICLE 5.
TAXES AND OTHER IMPOSITIONS; UTILITIES

Section 5.1 Payment of Impositions. Lessee shall be obligated, at all times from and after the Commencement Date, prior to delinquency, to pay all Impositions except that if any Imposition that Lessee is obligated to pay in whole or in part is permitted by law to be paid in installments, Lessee may pay or cause to be paid such Imposition (or its proportionate part of such Imposition) in installments prior to delinquency, and that Lessor shall have no obligation to perform or pay any Imposition with respect to the Development. Upon the written request of Lessor, Lessee shall exhibit and deliver to Lessor evidence satisfactory to Lessor of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, tax or Lease Year, as applicable, shall be ratably adjusted on a per diem basis between Lessor and Lessee in accordance with the respective portions of such calendar, fiscal, tax, assessment or Lease Year during the Term. If any special assessments or taxes are payable in installments, Lessee shall pay only those installments that are due and for which the delinquency date occurs during the Term for periods occurring during the Term. The parties acknowledge that Lessee intends to apply for an exemption from real property taxes under Section 214(g) of the California Revenue and Taxation Code.

Section 5.2 Contested Taxes and Other Impositions. Lessee, at its sole cost and expense, in its own name or in the name of Lessor, may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises, in which event the payment of the Imposition may be deferred during the pendency of such contest, if diligently prosecuted.

(a) As may be necessary or desirable, Lessor or Lessee, as applicable, upon the request of the other party, shall use its best reasonable efforts to assist in any such proceeding to contest the validity or amount of any Imposition.

(b) Nothing contained in this Section 5.2, however, shall be construed to allow any such contested Imposition to remain unpaid for a length of time which shall permit the Leased Premises, or any part of the Leased Premises, to be sold by any Governmental Authorities for the non-payment of such Imposition. Lessee shall promptly furnish Lessor copies of all notices, appeals, pleadings, motions and orders in any proceedings commenced with respect to such contested Imposition. During such contest, Lessee shall (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of tax sale, any foreclosure of, or any divesting of Lessor's title, reversion or other interest in or to the Leased Premises and the Improvements.

Section 5.3 Valuation Assessment. If applicable, Lessee, at its expense, may attempt to obtain a lowering of the assessed valuation of the Leased Premises for any year for the purpose of reducing taxes on the Leased Premises. In such event, upon Lessee's request, Lessor shall use its reasonable efforts to assist Lessee in such endeavor.

Section 5.4 Failure to Pay Impositions. If Lessee fails to pay any Impositions before the same become delinquent, or as otherwise required pursuant to Section 5.2, Lessor, at its election, may pay such Impositions (but shall not be obligated to pay same), together with any interest and penalties due on them, and the amount so paid by Lessor shall be

repayable to Lessor by Lessee within forty-five (45) days after Lessor's demand therefor.

Section 5.5 Utilities. Lessee shall pay all utilities used, rendered or supplied upon or in connection with the Improvements and the construction, maintenance, and operation of the Improvements including, but not limited to, all charges for gas, electricity, light, heat or power, all telephone and other communications services, all water rents and sewer service charges, and all sanitation fees or charges levied or charged against the Leased Premises during the Term; provided, however, that Lessee shall have no responsibility for the payment of utilities supplied by the respective providers directly to Tenants for such Tenants' use in connection with the occupancy of their respective Units. Lessor shall have no responsibility for the payment of utility costs.

ARTICLE 6. INSURANCE

Section 6.1 Lessee's Insurance. During the Term, Lessee shall keep and maintain in force, at no cost or expense to Lessor, the following insurance, all of which shall be provided by companies and/or agencies licensed to do business in the State of California:

(a) Leased Premises Insurance. "All risk" insurance covering all risks of physical loss or damage to any of the Improvements, with liability limits of not less than one hundred percent (100%) of the "full replacement value" of the Improvements. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm. Perils customarily excluded from all risk insurance, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Development by the insurer or its designee not more than once every five (5) years during the Term, if requested in writing by Lessor.

(b) General Liability and Automobile Insurance.

(1) Commercial general liability covering loss or damage resulting from accidents or occurrences on or about or in connection with the Improvements or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage with limits of liability not less than Five Million Dollars (\$5,000,000) Each Occurrence, and Five Million (\$5,000,000) General Aggregate, and upon completion of construction, Five Million (\$5,000,000) Products/Completed Operations. Coverage under any such comprehensive policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner's interest as respects construction operations and products and completed operations.

(2) Automobile Liability Insurance covering the use of all owned, non-owned and hired vehicles, covering loss or damage resulting from accidents or occurrences with personal injury, death and property damage combined single limit liability of not less than Two Million Dollars (\$2,000,000) Each Occurrence.

(3) Limits of insurance may be achieved by placement of an Umbrella/Excess Liability policy that follows-form with the primary General Liability and Automobile Liability policies terms and conditions.

(c) Workers' Compensation Insurance. In the event Lessee has employees, Lessee shall carry or cause to be carried Workers' Compensation insurance with limits as required by the State of California and Employer's Liability limits of One Million Dollars (\$1,000,000) for bodily injury by accident and One Million Dollars (\$1,000,000) per person and in the annual aggregate for bodily injury by disease covering all persons employed by Lessee in connection with the Improvements and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Lessor or Lessee.

(d) Builders' Risk Insurance. During the course of any alteration, construction or reconstruction of the Improvements, the cost of which exceeds Fifty Thousand Dollars (\$50,000) (escalating at three percent (3%) per year), Lessee shall provide builders' risk insurance for not less than the value of the construction contract, combined single limit for bodily injury or property damage insuring the interests of Lessor, Lessee and any contractors and subcontractors.

Section 6.2 General Requirements.

(a) All policies described in Section 6.1 shall include Lessor and Lessee, together with Mortgagees, as named insureds, as their respective interests may appear.

(b) All policies described in Section 6.1 shall contain: (i) the agreement of the insurer to give Lessor at least ten (10) days' notice prior to cancellation for non-payment of premium, and thirty (30) days' notice prior to cancellation for any other change or cancellation in said policies; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Lessor; (iii) a provision that no act or omission of Lessee shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (iv) a waiver by the insurer of all rights of subrogation against Lessor and its authorized parties in connection with any loss or damage insured against; and (v) terms providing that any loss covered by such insurance may be adjusted with Lessor and Lessee, but shall be payable to the holder of a Mortgage, who shall agree to receive and disburse all proceeds of such insurance, subject to the duty of Lessee to repair or restore, as set forth in Sections 11.1 and 11.2.

Section 6.3 Evidence of Insurance. Certificates of insurance for all insurance required to be maintained by Lessee under this Article 6 shall be furnished by Lessee to Lessor on or before the date of this Lease. Lessor reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by this Lease at any time.

Section 6.4 Failure to Maintain. If Lessee fails to maintain such insurance, Lessor, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Lessee agrees to repay to Lessor as Additional Rent the cost of such insurance.

ARTICLE 7. MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

Section 7.1 Management Agent. As of the Acquisition Closing, Lessor has approved National Community Renaissance of California as the initial Management Agent

for the Development. Any replacement Management Agent is subject to the consent of Lessor.

Section 7.2 Maintenance of Leased Premises.

(a) During the Term, at Lessee's sole cost and expense, Lessee shall keep and maintain the Leased Premises, all Improvements, and all appurtenances, in good and safe order, condition and repair. In addition, all maintenance and repair of the Improvements shall conform and comply with the Legal Requirements affecting the Leased Premises.

(b) Lessor reserves the right to conduct an annual (or more frequent, if deemed reasonably necessary by Lessor) review of the management and maintenance of the Improvements. The purpose of each periodic review will be to enable Lessor to determine if the Improvements are being operated and managed in accordance with the requirements and standards of this Lease. Lessee shall cooperate with Lessor in such reviews. In the event Lessor submits to Lessee a written notice (the "Maintenance Notice") that the Improvements are not being maintained as required by this Lease, such Maintenance Notice shall specify with particularity the manner in which said maintenance is inadequate including if the Management Agent has failed to operate and maintain the Improvements in accordance with this Lease. Lessee shall comply with all reasonable requests of Lessor contained in said Maintenance Notice. In the event that Lessor reasonably determines Lessee's actions within thirty (30) days of the Maintenance Notice are insufficient in kind or unreasonably delayed, Lessor may (a) direct the performance of the maintenance work on such terms and conditions as it shall reasonably determine and in such event Lessee shall promptly cause the maintenance work to be accomplished at no expense to Lessor, or (b) cause the necessary maintenance to be performed under its own auspices in the name of, for the account of, and at the sole cost and expense of Lessee, in which event Lessee shall fully reimburse Lessor for all reasonably necessary costs and expenses (including, without limitation, reasonable attorneys' fees and costs of litigation) incurred by Lessor in connection with such maintenance work within thirty (30) days after Lessee's receipt of Lessor's written demand for reimbursement.

Section 7.3 Alterations to Leased Premises. Following construction of the Improvements, Lessee may make any additions, alterations or changes (sometimes collectively referred to as "Alterations") in or to the Improvements subject, however, to the following conditions:

(a) No Alterations may be made that are likely to impair the structural soundness of the Improvements;

(b) No Alterations of the Leased Premises may be undertaken which have a cost greater than One Hundred Thousand Dollars (\$100,000), or demolition of any portion thereof, without first presenting to Lessor complete plans and specifications therefor and obtaining Lessor's written consent thereto (which consent shall not unreasonably be withheld so long as, in Lessor's judgment, such Alterations will not violate the Legal Requirements, this Lease, the Regulatory Agreements, or impair the value of the Improvements);

(c) No Alterations may be undertaken until Lessee shall have procured, to the extent the same may be required from time to time, all permits and authorizations of all

applicable Governmental Authorities, all required consents of Mortgagees, and the consent of Lessor if required pursuant to subsection (b), above, if applicable. Lessor shall join in the application for such permits or authorizations whenever such action is necessary or helpful and is requested by Lessee, and shall use Lessor's reasonable efforts to obtain such permits or authorizations; and

(d) Any Alterations shall be performed in good and worker-like manner using new materials of the same or better quality as the original Improvements, and in compliance with the Regulatory Agreements, all applicable Legal Requirements and the insurance requirements of this Lease.

Section 7.4 Indemnifications.

(a) Notwithstanding any other provision of this Lease to the contrary, Lessee agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to Lessor) Lessor, its commissioners, officers, directors, affiliates, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees and expenses (collectively "claims"), arising from or relating to Lessee's obligations under this Lease and the construction or operations of the Improvements, and arising from or relating to the HCD Declaration, except to the extent caused by the gross negligence or willful misconduct of Lessor, or any of its commissioners, officers, directors, affiliates, agents or employees.

(b) In addition, if any contractor or subcontractor which performed any construction work for Lessee or Lessee's affiliates on the Improvements shall assert any claim against Lessor on account of any damage alleged to have been caused by reason of acts of negligence or willful misconduct of Lessee or Lessee's affiliates, their members, partners, officers, directors, affiliates, agents or employees, or their construction contractors, Lessee shall defend at its own expense any suit based upon such claim; and if any judgment or claim against Lessor shall be allowed, Lessee shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith.

(c) This indemnity shall survive the termination of this Lease.

ARTICLE 8. PERMITTED MORTGAGES AND INVESTOR RIGHTS

Section 8.1 Right to Encumber.

(a) Lessee's Estate. Lessee shall have the right during the Term to encumber, through a Mortgage pursuant to Approved Financing and the Regulatory Agreements, all of Lessee's right, title and interest in the Leased Premises subject to the provisions of this Lease. Any Mortgage is in all respects subordinate and inferior to the RAD Use Agreement. Other than a Mortgage pursuant to Approved Financing, the Regulatory Agreements, and as set forth in Section 3.3, Lessee shall not encumber Lessee's right, title and interest in the Leased Premises in any manner whatsoever.

(b) Lessor's Estate. Lessor's Estate shall not be subject to and Lessor shall have no obligation to consent to any subordination agreement required to secure any financing or Mortgage of Lessee. Lessor agrees not to encumber or convey any interest in Lessor's Estate with any deed to secure debt, mortgage, deed of trust or other instrument in the nature of a mortgage as security for any debt which is not expressly subordinate to Lessee's Estate under this Lease. Lessor and Lessee acknowledge that Lessor's Estate will be encumbered by the Reciprocal Easement Agreement, the DORC, and the RAD Use Agreement, and this Lease shall at all times remain subordinate to the RAD Use Agreement and the DORC.

Section 8.2 Notice to Mortgagee. During any period in which a Mortgage is in place, Lessor shall give any such Mortgagee of which Lessor has received notice from Lessee a duplicate copy of all notices of default or other notices that Lessor may give to or serve in writing upon Lessee pursuant to the terms of this Lease. The address of the Mortgagee originally designated in the Mortgage may be changed upon written notice delivered to Lessor in the manner specified in Section 17.12 below. Lessor's failure to give any such notice to any such Mortgagee shall not render such notice ineffective, nor shall any such failure constitute an Event of Default hereunder. Lessor agrees that the Mortgagees listed in Section 17.12 below shall be given the notices required under this Lease to be given to Mortgagees.

Section 8.3 Right of Mortgagee to Cure. Notwithstanding any default by Lessee under this Lease, Lessor shall have no right to terminate this Lease unless Lessor shall have given each Mortgagee written notice of such default and such Mortgagees shall have failed to remedy such default or acquire Lessee's leasehold estate created by this Lease or commence foreclosure, removal, or other appropriate proceedings as set forth in, and within the time specified, by this Section.

Any Mortgagee which has an outstanding Mortgage shall have the right, but not the obligation, at any time to pay any or all of the rental due pursuant to the terms of this Lease, and do any other act or thing required of Lessee by the terms of this Lease, to prevent termination of this Lease. Each Mortgagee shall have sixty (60) days after receipt of notice from Lessor describing such default to cure the default. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by Lessee instead of by a Mortgagee.

In addition to the cure period provided in this Section 8.3 above, if the default is such that possession of the Leased Premises or removal of the Lessee's general partner may be reasonably necessary to remedy the default, any Mortgagee shall have a reasonable time after the expiration of such sixty (60) day period within which to remedy such default, provided that (i) such Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease within such sixty (60) day period and shall continue to pay currently such monetary obligations when the same are due and (ii) such Mortgagee shall have acquired Lessee's leasehold estate hereunder or commenced foreclosure, removal, or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

Any default under this Lease which by its nature cannot be remedied by any Mortgagee shall be deemed to be remedied (and such Mortgagee shall not have liability for

any claims Lessor has against Lessee for indemnification or damages) if (i) within sixty (60) days after receiving written notice from Lessor describing the default, or prior thereto, any Mortgagee shall have acquired Lessee's leasehold estate, removed the Lessee's general partner, or commenced foreclosure or other appropriate proceedings, (ii) Mortgagee shall diligently prosecute any such proceedings to completion, (iii) Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee hereunder which does not require possession of the Leased Premises or removal of the Lessee's general partner, and (iv) after gaining possession of the Leased Premises or removal of the Lessee's general partner, the Mortgagee shall cure all non-monetary defaults of Lessee hereunder capable of cure by Mortgagee.

If any Mortgagee is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Lessee from removing the Lessee's general partner, commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for removal of the Lessee's general partner, commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that any Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease and shall continue to pay currently such monetary obligations when the same fall due; provided, further, that such Mortgagee shall not interfere with Lessor's efforts to seek compliance by Lessee with any non-monetary obligation under this Lease.

Section 8.4 Limitation on Liability of Mortgagee. No Mortgagee shall be or become liable to Lessor as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Lessor and Mortgagee such liability (in which event the Mortgagee's liability shall be limited to the period of time during which it is the owner of the leasehold estate created by this Lease) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature of a foreclosure or as the result of any other action or remedy provided for by such Mortgage or other instrument or from a conveyance from Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Lessee under the terms of this Lease.

Section 8.5 Estoppel Certificates. Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other Party, or upon request from any Mortgagee or Investor or a permitted assignee or other interested party, Lessor or Lessee will execute, acknowledge and deliver to the other Party or to such Mortgagee or Investor a statement in writing certifying (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Mortgagee or Investor, as the case may be, in this Lease or by any prospective Mortgagee or Investor or permitted assignee of any Mortgagee or Investor.

Section 8.6 Registration of Mortgages. Lessee shall provide written notice to Lessor of the name and address of each Mortgagee under this Lease. Lessor acknowledges the names and addresses of Mortgagees in Section 17.12 below.

Section 8.7 New Lease. In the event of the termination of this Lease prior to the natural expiration of the Term of this Lease due to a default of Lessee, by rejection in bankruptcy, operation of law, or for any other reason, Lessor, upon written request from the holder of a Mortgage, made within sixty (60) days of the Mortgagee receiving notice of termination, shall enter into a new lease with such holder or its designee, as such designee is approved by Lessor in its reasonable discretion, in accordance with and upon the same terms and conditions as set forth herein, for the remainder of the Term. The Mortgagee shall pay all reasonable costs and expenses of Lessor related to entering into the new lease. Notwithstanding anything stated to the contrary herein, if more than one Mortgagee requests a new lease, the Mortgagee who holds the most senior (in lien priority) Mortgage shall be entitled to enter into the new lease. Simultaneous to the execution and delivery of such new lease, Lessor shall convey title to the Improvements to the new lessee and the Mortgagees shall be entitled to encumber the Improvements and the Leased Premises with Mortgages. Any new lease made pursuant to this Section 8.7 shall be prior to any lien, charge or encumbrance on Lessor's Estate and Lessor's interest in the Improvements, except as previously approved in writing by the Mortgagees, provided, however, any new Lease shall be subject to the RAD Use Agreement and the HCD Declaration.

In the event of the filing of a petition in bankruptcy by Lessee, and Lessee rejects this Lease under the then applicable provisions of the Bankruptcy Code, Lessor shall, upon the request of the holder of a Mortgage, affirm this Lease, and Lessor will enter into a new lease on the same terms and conditions set forth herein with such holder or its designee, as such designee is approved by Lessor in its reasonable discretion, immediately upon Lessee's rejection of this Lease. In the event of the filing of a petition in bankruptcy by Lessor, and Lessor rejects this Lease and Lessee does not affirm it, the holder of the Mortgage will have the authority to affirm this Lease on behalf of Lessee and to keep the Lease in full force and effect.

The terms of this Section 8.7 survive termination of this Lease and Mortgagees prior to such termination shall continue to be considered Mortgagees for purposes of this Section notwithstanding the effect of termination on the Mortgages.

Section 8.8 Consent to Termination of Lease. Lessor shall not voluntarily modify, amend, cancel, terminate or surrender the Lease without the prior written consent of Mortgagees and the Investor which consent shall not be unreasonably withheld or delayed, except in the event of default by Lessee as to which Mortgagees and Investor shall have been provided with written notice and opportunity to cure such default and such Mortgagees and Investor shall have failed to remedy such default as set forth in Section 8.3 above and Section 8.9 below.

Section 8.9 Rights of Investor. The Investor shall have the same notice and cure rights as any Mortgagee for so long as it is a limited partner of Lessee, and any provision requiring the consent or approval of a Mortgagee shall also require the consent or approval of the Investor. The address for any notices to same, as of the date hereof, is provided in Section 17.12 below.

ARTICLE 9.

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 9.1 Representations, Warranties and Covenants of Lessee. As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants are true and correct as of the Commencement Date:

(a) Lessee has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease;

(b) The entry by Lessee into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Lessee is a party or by which it is bound;

(c) Lessee (i) shall not cause or permit any Hazardous Materials to be placed, held, located or disposed of on, under or at the Development or any part thereof, except in commercially reasonable amounts used in the construction and operation of the Improvements and in accordance with Legal Requirements, and (ii) shall not cause or permit any Hazardous Materials contamination of the Development or any part thereof; provided, however, that Lessee shall not be in violation of this Subsection 9.1(c) or otherwise be liable or obligated hereunder for any of the foregoing occasioned solely by reason of the existence of soils, water or materials already located on the Development as of the Commencement Date; and

(d) Lessee has and at all times shall have obtained all permits, licenses, and approvals necessary to construct, occupy, operate and maintain the Improvements, and shall maintain compliance with all governmental requirements applicable to the Property and Improvements.

(e) At all times during the Term, Lessee or its authorized representative shall use, maintain and operate the Leased Premises and the Improvements thereon in accordance with all Legal Requirements and Regulatory Agreements.

Section 9.2 Hazardous Materials.

(a) Certain Covenants and Agreements. Lessee hereby covenants and agrees that:

(1) Lessee shall not knowingly permit the Development or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Development in violation of any Hazardous Materials Laws;

(2) Lessee shall keep and maintain the Development and each portion thereof in compliance with, and shall not cause or permit the Development or any portion thereof to be in violation of, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same Lessee shall

immediately advise Lessor in writing of:

(A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Lessee or the Development pursuant to any applicable Hazardous Materials Laws;

(B) any and all claims made or threatened by any third party against Lessee or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); or

(C) the presence of any Hazardous Materials in, on or under the Development in such quantities which require reporting to a government agency.

If Lessor reasonably determines that Lessee is not adequately responding to a Hazardous Material Claim or any condition in Sections 9.2(a)(3)(A) or (B), Lessor shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by Lessee.

(4) Without Lessor's prior written consent, which shall not be unreasonably withheld or delayed, Lessee shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 7.3 above, Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to Lessor) Lessor, its commissioners, officers, agents, successors, assigns and employees (the "Indemnitees") from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of:

(1) The failure of Lessee or any other person or entity on or after the Commencement Date to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Development;

(2) Any release or discharge of any Hazardous Materials into, on, under or from the Development, arising on or after the Commencement Date, or the presence in, on, or under the Development of any Hazardous Materials that occurs on the Development after the Commencement Date; or

(3) Any activity or omission of activity carried on or undertaken on the Development, on or after the Commencement Date and whether by Lessee or any

employees, agents, contractors or subcontractors of Lessee or any successor in title that is related to Lessee occupying or present on the Development, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials located or present on or under the Development.

The provisions of this section shall survive expiration of the Term or other termination of this Lease, and shall remain in full force and effect. This indemnity obligation shall not extend to any claim arising from Lessor's negligence or willful misconduct.

(c) No Limitation. Lessee hereby acknowledges and agrees that Lessee's duties, obligations and liabilities under this Lease, including, without limitation, under subsection (b) above, are in no way limited or otherwise affected by any information Lessor may have concerning the Development and/or the presence on the Development of any Hazardous Materials, whether Lessor obtained such information from Lessee or from its own investigations.

Section 9.3 As-Is Conveyance.

(a) Condition of Leased Premises. This Lease is made "AS IS," with no warranties or representations by Lessor concerning the condition of the Leased Premises, including the presence or absence of any Hazardous Materials except as expressly set forth in this Lease. Lessee hereby agrees and acknowledges that except in the event of any fraud, misrepresentation, or withholding of information by Lessor: (i) neither Lessor, nor anyone acting for or on behalf of Lessor, has made any representation, statement, warranty or promise to Lessee concerning the development potential or condition of the Leased Premises; (ii) in entering into this Lease, Lessee has not relied on any representation, statement or warranty of Lessor, or anyone acting for or on behalf of Lessor, other than as may expressly be contained in writing in this Lease; (iii) all matters concerning the Leased Premises have been or shall be independently verified by Lessee and that Lessee shall purchase or lease the Leased Premises on Lessee's own prior examination thereof; and (iv) IN ENTERING INTO THIS LEASE, LESSEE IS LEASING THE LEASED PREMISES IN AN "AS IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR.

(b) General Release. Subject to Section 9.3(a) above, Lessee and its owners, employees, agents, assigns and successors agree that upon the Acquisition Closing, Lessee shall be deemed conclusively to have released and discharged Lessor and its agents, employees, trustees, assigns and successors, from any and all damages, losses, demands, claims, debts, liabilities, obligations, causes of action and rights, whether known or unknown, by Lessee regarding the Leased Premises, including, but not limited to, the environmental condition of the Leased Premises.

(c) Waiver of Civil Code § 1542. Lessee agrees that, with respect to the General Release contained in Section 9.3(b) above, the General Release extends to all matters regarding the Leased Premises, whether or not claimed or suspected, to and including the date of execution hereof, and constitutes a waiver of each and all the provisions of the California Civil Code § 1542, which reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND
TO CLAIMS THAT THE CREDITOR OR

RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Lessee herein acknowledges that the effect and import of the provisions of Civil Code § 1542 have been explained to it by its own counsel. Lessee understands and acknowledges the significance and the consequence of such specific waiver of unknown claims and hereby assumes full responsibility for any injuries, damages, losses or liabilities that it may hereinafter incur from the waiver of these unknown claims.

Section 9.4 Environmental Work. Lessee shall be responsible for performing the work of any investigation and remediation on the Leased Premises which may be required in order to develop the Leased. The determination as to whether any such remediation is needed, and as to the scope and methodology thereof, shall be made by mutual agreement of the governmental agency with responsibility for monitoring such remediation, Lessor and Lessee. Lessee shall notify Lessor promptly upon discovery of any actionable levels of Hazardous Substances, and upon any release thereof, and shall consult with Lessor in order to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. Lessee shall comply with, and shall cause its agents and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal and remediation of Hazardous Substances. The investigation and remediation work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this.

Section 9.5 Notices. Lessee shall promptly notify Lessor in writing of any and all of the following:

- (a) Any litigation known to Lessee materially affecting Lessee, or the Property;
- (b) Any written communication Lessee receives from any governmental, judicial, or legal authority giving notice that the Property or Improvements fail in any respect to comply with any applicable governmental law;
- (c) Any material adverse change in the physical condition of the Property (including any damage suffered as a result of fire, earthquakes, or floods);
- (d) Any material adverse change in Lessee's financial condition, any material adverse change in Lessee's operations, or any change in the management of Lessee;
- (e) Any Event of Default or event which, with the giving of notice or the passage of time or both, would constitute an Event of Default; and
- (f) Any other circumstance, event, or occurrence that results in a material adverse change in Lessee's ability to timely perform any of its obligations under this Lease.

ARTICLE 10.
EMINENT DOMAIN

Section 10.1 Termination of Lease. Lessor and Lessee agree that, in the event of a Taking such that Lessee, with the consent of all Mortgagees and the Investor, reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then-current use, then, subject to the rights and with the prior consent of Mortgagees and the Investor, this Lease shall, at Lessee's sole option, terminate as of the date of the Taking.

Section 10.2 Continuation of Lease and Presumption of Restoration. Lessor and Lessee agree that, in the event of a Taking that does not result in the termination of this Lease pursuant to Section 10.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises, and the Net Condemnation Award will be disbursed in accordance with Section 10.4 below to Lessee and/or to any Mortgagee if the terms of the applicable Mortgage so require, and shall be used so as to make the same a complete, unified and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking, subject to any applicable requirements of the Mortgagee.

Section 10.3 Temporary Taking. If there shall be a temporary Taking with respect to all or any part of the Leased Premises or of Lessee's interest in this Lease, then the Term shall not be reduced and Lessee shall continue to pay all Rents, Impositions, and other charges required in this Lease, without reduction or abatement at the times specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary Taking.

Section 10.4 Award. After the Acquisition Closing, subject to the rights of Mortgagees, if there is a Taking, whether whole or partial, Lessor and Lessee shall be entitled to pursue and receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings, or as may be otherwise agreed, taking into consideration the fact that Lessor's interest in the Leased Premises is limited to the Property as encumbered by this Lease, and a reversionary interest in the Leased Premises upon the expiration of the Term. If the Leased Premises is restored as is contemplated in Section 10.2 above, Lessee shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award, subject to a Mortgagee's right to elect to have such Net Condemnation Award paid directly to Mortgagee, as set forth in the applicable financing documents for such Mortgage. Thereafter, if the condemning authority does not make separate awards, and the Parties are unable to agree as to the exact amount to be allocated to the respective interests of each Party, then each Party shall select an independent M.A.I. real estate appraiser (an "Appraiser"). Each Appraiser shall separately determine the amount of the balance of the Net Condemnation Award that is to be allocated to the interests of each Party. If the percentage of the balance of the Net Condemnation Award each Appraiser allocates to Lessor (a) are within ten percent (10%) of each other, the two allocations shall be averaged, and such average shall be the final allocation of the Net Condemnation Award, or (b) are not within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently allocate the Net Condemnation Award between Lessor and Lessee, and the middle of such three allocations shall be the final allocation of the Net Condemnation Award. Notwithstanding

anything to the contrary contained herein, any Net Condemnation Award recovered by or allocated to Lessor shall in no event be greater than the value of Lessor's fee interest in the Property and any Net Condemnation Award recovered by or allocated to Lessee or Mortgagee shall in no event be less than the total Net Condemnation Award minus the value of Lessor's fee interest in the Property.

Section 10.5 Joinder. If a Mortgage exists, the Mortgagees, to the extent permitted by law, shall be made a party to any Taking proceeding.

ARTICLE 11. DAMAGE OR DESTRUCTION

Section 11.1 Damage or Destruction to Leased Premises. Lessee shall give prompt written notice to Lessor after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Leased Premises, the Improvements or any portion of them (a "Casualty"). Subject to Section 11.2 below, and the rights of any Mortgagees, if during the Term the Improvements shall be damaged or destroyed by Casualty, Lessee shall repair or restore the Improvements, so long as Lessee determines, in its sole discretion, that it is feasible to do so and in such event Lessee provides or causes to be provided sufficient additional funds which, when added to such insurance proceeds, will fully effect such repair or restoration. Upon the occurrence of any such Casualty, Lessee, promptly and with all due diligence, shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty. In the event that Lessee shall determine, subject to the rights and with the consent of the Mortgagees and the Investor, by notice to Lessor given within thirty (30) days after receipt by Lessee of any such insurance proceeds, that it is not economically practical to restore the Improvements and/or the Leased Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Lessee may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Lessee terminates this Lease pursuant to this Section 11.1 with the consent of all Mortgagees and the Investor, Lessee shall surrender possession of the Leased Premises to Lessor immediately and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Mortgagee.

Section 11.2 Damage or Destruction Near End of Term. If, during the last seven (7) years of the Term, the Improvements shall be damaged by Casualty, then Lessee shall have the option, to be exercised within one hundred twenty (120) days after such Casualty:

- (a) to repair or restore the Improvements as provided in this Article 11; or
- (b) subject to the rights of Mortgagees, to terminate this Lease by notice to Lessor, which termination shall be deemed to be effective as of the date of the Casualty. If Lessee terminates this Lease pursuant to this Section 11.2, Lessee shall surrender possession of the Leased Premises to Lessor immediately and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Mortgagee therein.

Section 11.3 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to Sections 11.1 or 11.2 of this Lease, the insurance proceeds received as the result of such Casualty shall be distributed as follows: (a) first, if a Mortgage is in place to the Mortgagee to the extent of any indebtedness then owed to such Mortgagee; (b) second, the balance, if any, of such insurance proceeds shall be paid to Lessee or, as applicable pursuant to Sections 11.1 and 11.2 above, assigned or paid over to Lessor.

ARTICLE 12. EVENTS OF DEFAULT

Section 12.1 Events of Default. Each of the following shall be an "Event of Default" by Lessee under this Lease:

(a) failure by Lessee to pay any Rent when due or to pay or cause to be paid any Impositions, insurance premiums or other liquidated sums of money stipulated to be paid by Lessee, if such failure shall continue for a period of fifteen (15) days after notice has been given by Lessor to Lessee;

(b) failure by Lessee to perform or observe any of the provisions of this Lease stipulated in this Lease to be observed and performed by Lessee (other than as set forth in subsection (a) above), if such failure shall continue for a period of thirty (30) days after written notice thereof has been given by Lessor to Lessee; provided, however, that if any such failure cannot reasonably be cured within such thirty (30)-day period, then Lessor shall not have the right to terminate this Lease or Lessee's right to possession under this Lease so long as Lessee promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time; provided, however, that such period shall not extend for more than ninety (90) days after the date of Lessor's written notice to Lessee;

(c) the subjection of any right or interest of Lessee in this Lease to attachment, execution or other levy, or to seizure under legal process, if not released within sixty (60) days; provided that the foreclosure of any Mortgage shall not be construed as an Event of Default within the meaning of this Subsection 12.1(c);

(d) the appointment of a receiver, not including receivership pursuant to any Mortgage, to take possession of Lessee's Estate or of Lessee's operations on the Leased Premises for any reason, if such receivership is not terminated, dismissed or vacated within ninety (90) days after the appointment of the receiver;

(e) the filing by Lessee of a petition for voluntary bankruptcy under the Bankruptcy Code of the United States or any similar law, state or Federal, now or hereafter in effect;

(f) the filing against Lessee of any involuntary proceedings under such Bankruptcy Code or similar law, if such proceedings have not been vacated or stayed within ninety (90) days of the date of filing;

(g) the appointment of a trustee or receiver for Lessee or for all or the major part of Lessee's property or the Leased Premises, in any involuntary proceeding, not including pursuant to any Mortgage, or taking of jurisdiction by any court over all or the major part of Lessee's property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of Lessee, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within ninety (90) days; or

(h) a general assignment by Lessee for the benefit of creditors or Lessee's admittance in writing of its insolvency or inability to pay its debts generally as they become due or Lessee's consent to the appointment of a receiver or trustee or liquidator for Lessee, all or the major part of its property, or the Leased Premises.

Section 12.2 Rights and Remedies.

(a) At any time after the occurrence of an Event of Default, subject in all respects to the provisions of this Lease with respect to Lessor's rights to cure defaults by Lessee and subject to the rights of any Mortgagees and the Investor as set forth in Article 8, in addition to any other remedies available to Lessor at law or in equity, Lessor may terminate this Lease by giving Lessee written notice thereof (with a copy of such notice to the Mortgagees and to the Investor), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and Lessee's Estate and all interest of Lessee and all parties claiming by, through or under Lessee shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 for the expiration of the Term. In such event, Lessor, its agents or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Leased Premises (including all buildings and other Improvements comprising any part of the Leased Premises) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or existing breaches of covenants; provided that Lessor shall not be entitled to disturb possession of any Tenants or others in possession pursuant to Tenant Leases with Lessee so long as such Tenants or others are not in default under the Tenant Leases, and attorn to Lessor as their lessor.

(b) Upon the exercise of Lessor's remedies pursuant to this Section 12.2, Lessee shall execute such releases, deeds and other instruments in recordable form as Lessor shall reasonably request in order to accurately set forth of record the then current status of Lessee's Estate and Lessee's rights under this Lease.

Section 12.3 Default by Lessor.

(a) Events of Default. Lessor shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform or if any of Lessor's representations or warranties is untrue or becomes untrue in any material respect, and if the failure to perform or the failure of such representation or warranty is not cured within thirty (30) days after written notice of the default has been given to Lessor. If the default cannot reasonably be cured within thirty (30) days, Lessor shall not be in default of this Lease if

Lessor commences to cure the default within such thirty (30)-day period and diligently and in good faith continues to cure the default until completion.

(b) Right to Cure; Lessee's Remedies. If Lessor shall have failed to cure a default by Lessor after expiration of the applicable time for cure of a particular default, Lessee, at its election, but without obligation (i) may seek specific performance of any obligation of Lessor, after which Lessee shall retain, and may exercise and enforce, any and all rights that Lessee may have against Lessor as a result of such default, (ii) from time to time without releasing Lessor in whole or in part from the obligations to be performed by Lessor under this Lease, may cure the default at Lessor's cost, (iii) may terminate this Lease, and/or (iv) may exercise any other remedy given under this Lease or now or later existing at law or in equity. Any reasonable costs incurred by Lessee in order to cure such a default by Lessor shall be due immediately from Lessor, together with interest, and may be offset against any amounts due from Lessee to Lessor.

Section 12.4 Notices. Notices given by Lessor under Section 12.1 or by Lessee under Section 12.3 shall specify the alleged default and the applicable Lease provisions, and shall demand that Lessee or Lessor, as applicable, perform the appropriate provisions of this Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.

ARTICLE 13. QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

Section 13.1 Quiet Enjoyment. Lessor covenants and warrants that Lessee, upon payment of all sums provided in this Lease and upon performance and observance of all of its covenants contained in this Lease, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Leased Premises during the Term, subject only to the provisions of this Lease and all applicable Legal Requirements.

Section 13.2 Lessor's Right of Inspection. Notwithstanding Section 13.1 above, Lessor, in person or through its agents, upon reasonable prior notice to Lessee, shall have the right, subject to the rights of Tenants, to enter upon the Development for purposes of reasonable inspections performed during reasonable business hours in order to assure compliance by Lessee with its obligations under this Lease. In addition to the aforementioned inspection rights, Lessee grants a right of access to Lessor, or any of its authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

ARTICLE 14. VACATION OF LEASED PREMISES

Section 14.1 Surrender of Leased Premises. Lessee covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained in this Lease, Lessee will peaceably and quietly yield and surrender possession of the Leased Premises to Lessor. The foregoing, however, will be subject to the

rights of Tenants or others in possession pursuant to Tenant Leases with Lessee, provided that such Tenants are not in default under such Tenant Leases and attorn to Lessor as their lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor.

Section 14.2 No Right to Possession after Termination. Lessee has no right to retain possession of the Development or any part thereof beyond the expiration or earlier termination of this Lease. Any holding over by Lessee (or any successor-in-interest to Lessee) after the expiration or earlier termination of this Lease shall be construed to be a tenancy at sufferance on all of the terms and conditions set forth herein to the extent not inconsistent with a tenancy at sufferance. Acceptance by Lessor of rent or any other sum payable hereunder after such expiration or earlier termination shall not result in an extension or renewal of this Lease. If Lessee fails to surrender the Development upon the expiration or earlier termination of this Lease, Lessee shall indemnify, defend and hold harmless Lessor from and against all loss, damage, cost, liability or expense (including, without limitation, attorneys' fees and expenses) resulting from or relating to such failure to surrender the Development including, without limitation, any claim made by any succeeding lessee.

ARTICLE 15. NON-MERGER

Except upon expiration of the Term or upon termination of this Lease pursuant to an express right of termination set forth in this Lease, there shall be no merger of either this Lease or Lessee's Estate created under this Lease with the fee estate of the Property or any part of the Property by reason of the fact that the same person may acquire, own or hold, directly or indirectly, (a) this Lease, Lessee's Estate created under this Lease or any interest in this Lease or Lessee's Estate (including the Improvements), and (b) the fee estate in the Property or any part of the Property or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of Lessor, having an interest in (i) this Lease or Lessee's Estate created under this Lease, and (ii) the fee estate in the Property or any part of the Property, shall join in a written instrument effecting such merger and shall duly record the same, and shall have obtained the prior written consent of all Mortgagees.

ARTICLE 16. ASSIGNMENTS AND TRANSFERS

Section 16.1 Consent Required. Except as expressly provided herein, Lessee shall not, without the prior written consent of Lessor, assign this Lease or any interest therein ("Transfer"). A Transfer shall be deemed to include any attempt by Lessee to (a) demolish all or any portion of the Leased Premises after construction of the Improvements; (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of the Leased Premises, the Improvements; or (c) transfer, convey or assign (i) any interest of a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a "Controlling Interest") in Lessee or (ii) a Controlling Interest in any entity which has a Controlling Interest in Lessee, or (iii) any other interest in Lessee, or in any partner or member thereof. Any person to whom any Transfer is attempted without the consent of

Lessor (if applicable) shall have no claim, right or remedy whatsoever hereunder against Lessor, and Lessor shall have no duty to recognize any person claiming under or through the same.

Section 16.2 Limitations on Consent Requirement. Notwithstanding the foregoing, and subject to the limitations set forth in Section 17.19, the consent of Lessor shall not be required for:

(a) a lease of any Unit at the Leased Premises, subject to Lessor's prior approval of the form of Tenant Lease;

(b) mortgage of Lessee's interest in the Leased Premises and Improvements to any approved Mortgagee, and transfer of the Leased Premises and Improvements to such Mortgagee by foreclosure or deed-in-lieu of foreclosure (or the leasehold equivalent thereof), or the first transfer of the Leased Premises and the Improvements by such Mortgagee to an unrelated third party following a foreclosure or deed in lieu of foreclosure so long as such transferee or its third-party property management agent is qualified to manage and operate affordable housing projects similar to the Leased Premises;

(c) transfers of the Investor's limited partner interest in Lessee that are permitted under Lessee's Partnership Agreement;

(d) the removal of the general partner of Lessee by the Investor for cause following default under the Partnership Agreement, and the subsequent transfer of the general partner interest to (i) a 501(c)(3) tax exempt nonprofit corporation selected by the Investor, provided such replacement general partner is approved by Lessor which approval shall not be unreasonably withheld, conditioned or delayed, and (ii) the Investor or an affiliate thereof, but only for a period not to exceed one hundred-twenty (120) days from the date of removal of the general partner, during which time such entity shall diligently seek a replacement general partner meeting the requirements of subsection (i) above;

(e) grants and easements for the establishment, operation, and maintenance of utility services; and

(f) the encumbrance of the Leased Premises with the Regulatory Agreements.

Section 16.3 Subsequent Assignment. In cases where Lessor's consent is required, Lessor's consent to one assignment will not waive the requirement of its consent to any subsequent assignment.

Section 16.4 Request for Consent. If Lessee requests Lessor's consent to a specific assignment, Lessee shall provide to Lessor such information as may reasonably be required by Lessor.

Section 16.5 Grant of Purchase Option to Lessor or Affiliate. Notwithstanding anything to the contrary set forth in any other provision of this Lease, nothing shall prohibit (i) the granting of a purchase option and/or right of first refusal to purchase Lessee's Estate as

provided in the Option and/or (ii) the exercise of such Option in accordance with the Option.

ARTICLE 17. MISCELLANEOUS PROVISIONS

Section 17.1 Entire Agreement: Modifications. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. This Lease contains the sole and entire understanding between the parties with respect to the leasing of the Leased Premises pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations and warranties made between the Parties, if any, are merged into this Lease. This Lease may be amended by mutual agreement of the Parties provided that any such amendment must be in writing and signed by both Parties.

Section 17.2 Amendments. Lessor shall not unreasonably withhold its consent to any amendments to this Lease that are reasonably requested by a Mortgagee or the Investor; provided, however, Lessor may, in its sole and absolute discretion, refuse to consent to any proposed amendments to the description of the Leased Premises, the Term, Rent or any other amendments which would materially change the rights and/or obligations of Lessor under this Lease.

Section 17.3 Governing Law. This Lease, and the rights and obligations of the Parties under this Lease, shall be governed by and construed in accordance with the substantive laws of the State of California.

Section 17.4 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties, their heirs, successors, administrators, executors and permitted assigns.

Section 17.5 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder of this Lease, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part of this Lease, except to the extent the rights and obligations of the parties have been materially altered by such unenforceability.

Section 17.6 Further Assurances. From and after the date of this Lease, Lessor and Lessee, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 17.7 Captions. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions of this Lease. All references to particular articles, sections, subsections, paragraphs and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 17.8 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice-versa, unless the context requires otherwise.

Section 17.9 Exhibits. Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to and otherwise mentioned.

Section 17.10 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease.

Section 17.11 Rights Cumulative. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred under this Lease shall be cumulative and not restrictive of those provided at law or in equity.

Section 17.12 Notices. All notices, requests, demands, or other communications required or permitted to be given under this Lease shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any Party, from time to time, may change its address for notices hereunder. Legal counsel for the respective Parties may send to the other Party any notices, requests, demands or other communications required or permitted to be given hereunder by such Party.

Lessor: Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

Lessee: Waterman Gardens Partners 2, L.P.
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: President/CFO

With a copy to: National Community Renaissance of California
9692 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: General Counsel

Mortgagees: Capital One, N.A.
299 Park Avenue, 14th Floor
New York, NY 10171

And

Department of Housing and Community Development
Affordable Housing and Sustainable Communities
(AHSC) Program
P.O. Box 952052
Sacramento, CA 94252-2052

Investor:

Hudson Housing Capital

Attn: _____

Section 17.13 Counterparts. This lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 17.14 Time of Essence. Time is and shall be of the essence in this Lease.

Section 17.15 Attorneys' Fees. If any collection proceeding (whether or not arising to the level of an action) or if any action is brought by Lessor to recover any Rent or Additional Rent due and unpaid hereunder or to recover possession of the Development, or in the event any action between Lessor and Lessee to enforce or interpret any of the terms of this Lease, including any action or proceeding in a bankruptcy case, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees, which shall include fees and costs of any appeal.

Section 17.16 Relationship of Parties. It is understood that, subject to the limitations contained in this Lease, Lessee shall have control of the operation of the Improvements. Nothing in this Lease shall create or be construed to create a partnership or joint venture between Lessor, its successors and assigns, on the one hand, and Lessee, its successors and assigns, on the other hand.

Section 17.17 Conflicts with Mortgage. In the event of a default under a Mortgage, such Mortgagee may exercise with respect to the Leased Premises any right, power or remedy under the Mortgage which is not in conflict with the provisions of this Lease.

ARTICLE 18.

HUD REQUIREMENTS

Section 18.1 Compliance with Mixed Finance Requirements. Beginning on the Mixed Finance Closing and continuing only for so long as the DORC remains an encumbrance on the Property, the following shall apply, notwithstanding any other clause or provision in this Lease:

(a) Definitions. The following terms apply to this section 18.1:

(1) ACC: The Consolidated Annual Contributions Contract No. SF-205 between HUD and Lessor dated as of February 11, 2002, as amended by CFP Amendment dated July 15, 2010, as further amended by the Mixed Finance ACC Amendment, dated _____, 2025, as the same may be further amended from time to time.

(2) Applicable Public Housing Requirements: All requirements applicable to public housing, including, but not limited to, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the Mixed Finance ACC Amendment, the HUD notices, the HUD-approved DORC in favor of HUD, the Lessor's admissions and occupancy policies applicable to the Development as set forth in the Lessor's approved PHA Plan under 24 CFR part 903, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

(3) Public Housing Units: Ninety-one (91) units in the Development.

(4) Term. The period that commences on the Effective Date, and unless otherwise provided by law, terminates on the latest to occur of: (A) expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing in accordance with the Act; and (B) the expiration of forty (40) years from the date the Development becomes available for occupancy.

(b) Use of Property. Lessee shall throughout the Term continuously use and operate the Development only for the following uses, and such other uses as are reasonably and customarily attendant to such uses: construction, development, marketing for lease and leasing of the Public Housing Units in a manner which strictly satisfies the requirements of this Lease and the Applicable Public Housing Requirements.

(c) Covenants Applicable to Public Housing Units.

(1) The Public Housing Units are subjected to, and benefitted by, the terms and conditions of the Applicable Public Housing Requirements. The provisions of the Applicable Public Housing Requirements and this Section are intended to create a covenant running with the land and, subject to the terms and benefits of the Applicable Public Housing Requirements, to encumber and benefit the Development for the entire Term of this Lease. The Applicable Public Housing Requirements and this Section shall be binding upon Lessor and Lessee and each of their respective successors and assigns, including, without limitation, any entity which succeeds to Lessee's interest in the Leased Premises by foreclosure or an instrument in lieu of foreclosure, and expressly include, but are not limited to, the following obligations:

(A) Except as otherwise provided in the Act, the Public Housing Units shall be operated under the terms and conditions applicable to public housing, as set forth in the Applicable Public Housing Requirements, during the forty (40)-year period that begins on the date on which the Development becomes available for occupancy, as required by section 9(d)(3)(A) of the Act (or any successor provision).

(B) Except as otherwise provided in the Act, the Development shall be maintained and operated under the terms and conditions applicable to public housing, as set forth in the Applicable Public Housing Requirements, during the twenty (20)-year period that begins on the latest date on which modernization with public housing capital funds is completed, as required by section 9(d)(3)(B) of the Act (or any successor provision).

(C) Except as otherwise provided in the Act, no portion of the Development may be disposed of before the expiration of the ten (10) year period beginning upon the conclusion of the fiscal year for which such amounts were provided, as required by section 9(e)(3) of the Act (or any successor provision).

(D) Neither the Public Housing Units, nor any part thereof, may be demolished other than in accordance with the Applicable Public Housing Requirements.

(2) Lessee agrees that, with the exception of: (A) any mortgage(s) held by the Lessor that have been approved by HUD, and any other encumbrances existing at Mixed Finance Closing; (B) dwelling leases with eligible families for the Public Housing Units; and (C) normal uses associated with the operation of the Project, neither the Development nor any portion thereof shall be encumbered in any way, nor the assets of the Development pledged as collateral for a loan, without the prior written approval of Lessor and HUD.

(d) Restoration. If any portion of this Section conflicts with Section 11 of the ACC, the provisions of Section 11 of the ACC shall control.

(e) Assignment and Subletting.

(1) Consent. This Lease shall be binding upon and inure to the benefit of the successors and assigns of the Lessor and the Lessee, except that Lessee may not assign or sublet its interest in this Lease without the prior written consent of the Lessor and HUD. Any attempted transfer without such consents shall be null and void.

(2) Prohibited Transfers. Lessee agrees for itself and its successors and assigns in interest hereunder that it will not, other than by Approved Financing: (1) assign this Lease or any of its rights under this Lease as to all or any portion of the Development including the Public Housing Units, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Development including any Public Housing Unit, other than in accordance with the Applicable Public Housing Requirements and this Lease (including but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Lessee's rights hereunder, or (ii) any Mixed Finance Transfer (as defined below) by operation of law), without first obtaining Lessor's and HUD's express written consent thereto.

(3) HUD Restrictions on Transfers. In addition to the transfers described in paragraph (e)(2) of this Section, no transfer, conveyance, or assignment shall be made, without the prior written approval of HUD, of: (1) any interest of a managing member,

general partner, or controlling stockholder (any such interest being referred to as a "Controlling Interest") of the Lessee; or (2) a Controlling Interest in any entity that has a Controlling Interest in the Lessee; or (3) prior to the payment of full of all equity contributions required under the Mixed Finance Amendment to the ACC, any other interest in the Lessee, or in any partner or member thereof (each of such transfers, conveyances and assignments, together with the transfers described in paragraph (b) of this Section, is hereafter referred to as a "Mixed Finance Transfer"). Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (i.e., non-Controlling Interest and non-managing) in the Lessee transfers a non-Controlling Interest and non-managing interest in the business organization, provided that the Lessee: (1) provides HUD with written notice of such transfer; and (2) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the HUD-approved organizational documents of the Lessee. If Lessee requests HUD's consent to an internal reorganization of the Lessee, or of any of the partners, members, or stockholders of Lessee, HUD will not unreasonably withhold or delay such consent.

Any person to whom any Mixed Finance Transfer is attempted without such consent shall have no claim, right or remedy whatsoever hereunder against Lessor, and Lessor shall have no duty to recognize any person claiming under or through the same.

(f) HUD's Rights on Event of Default.

(1) Upon the occurrence of an Event of Default that also constitutes a substantial default under the ACC, HUD may:

(A) Require Lessor to convey to HUD the Lessor's interest in the Development and ensure the Lessee's conveyance to HUD of its Lessee's Estate if, in HUD's determination (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of the Act; or

(B) Require Lessee to deliver possession and control of the Development to HUD; or

(C) Exercise any other right or remedy existing under applicable law, or available at equity. HUD's exercise or non-exercise of any right or remedy under the ACC shall not be construed as a waiver of HUD's right to exercise that or any other right or remedy at any time.

(2) If HUD acquires title to, or possession of, the Development, HUD shall reconvey, or redeliver possession of, the Development to the Lessor and Lessee in accordance with their respective interests in the Project: (i) upon a determination by HUD that the substantial default under the ACC has been cured and that the Development will thereafter be operated in accordance with the terms of the ACC; or (ii) after the termination of HUD's obligation to make annual contributions available, unless there are any obligations or covenants of the Lessor to HUD that are then in default.

(3) During the Term of this Lease, and so long as Lessee shall not be in default of its obligations hereunder, HUD agrees that in the event of a substantial default by Lessor under the ACC, HUD shall exercise any remedies or sanctions authorized under the ACC, including taking possession of the Landlord's interest in the Development, in such a manner as not to disturb Lessee's rights under this Lease or the DORC.

(g) Access. Lessee agrees to grant a right of access to Lessor, HUD, the Comptroller General of the United States, or any of their authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

(h) Amendment. This Lease may be amended by mutual agreement of the Lessor and Lessee, subject to the prior written approval of HUD, and provided that all amendments must be in writing and signed by both parties and that no amendment shall impair the obligations of the Lessee to develop and operate the Development in accordance with the Applicable Public Housing Requirements.

(i) Disclaimer of Partnership Status. Lessor and Lessee acknowledge that the proposed transfer to Lessee, or to any other participating party in the Development, of public housing funds for the development and operation of the Public Housing Units covered under this Lease shall not be deemed to be an assignment of such funds. Accordingly, neither Lessee, nor any other participating party, shall succeed to any rights or benefits of the Lessor under the ACC. Lessee further agrees to include this disclaimer in each of its agreements or contracts with any partner, participating party, or any other party involving the use of public housing funds for the Development. Nothing contained in the ACC or in any agreement between Lessor and Lessee, nor any act of HUD or Lessor, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture involving HUD.

(j) Conflicts. In the event of a conflict or inconsistency between any requirement contained in this Lease (or between any requirement contained in any document referred to in this Lease, including any mortgage securing Approved Financing), and the Applicable Public Housing Requirements, the Applicable Public Housing Requirements shall in all instances be controlling.

Section 18.2 Compliance with RAD Requirements. Beginning on the RAD Closing and continuing only for so long as the RAD Use Agreement remains an encumbrance on the Property, the following shall apply, notwithstanding any other clause or provision in this Lease:

(a) The term "Legal Requirements" shall include the RAD Requirements.

(b) This Lease shall in all respects be subordinate to the RAD Use Agreement. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement or the Lease.

(c) If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the terms of the RAD Use Agreement shall control.

(d) The provisions of this Section 18.2 may not be amended without HUD's prior written approval.

(e) Violation of the RAD Use Agreement constitutes a default of this Lease.

(f) Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the Property shall remain vested in the Lessor and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Lessee shall vest in the Lessor.

(g) Neither Lessee nor any of its partners shall have the authority to: (i) Take any action in violation of the RAD Use Agreement or (ii) Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Lessor or HUD.

(h) Lessee acknowledges that the RAD Requirements require the Improvements to be constructed in compliance with the laws, regulations and administrative requirements governing the RAD Program including (but not limited to) the following:

(1) The prevailing wage requirements of the Davis-Bacon Act and implementing rules and regulations (40 U.S.C. 3141-3148); the Copeland "Anti-Kickback" Act (40 U.S.C. 276(c)) which requires that workers be paid at least once a week without any deductions or rebates except permissible deductions; the Contract Work Hours and Safety Standards Act – CWHSSA (40 U.S.C. 3701-3708) which requires that workers receive "overtime" compensation at a rate of 1-1/2 times their regular hourly wage after they have worked forty (40) hours in one (1) week; and Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.(2) The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u.

(3) The requirement of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. 4851 et seq.) and implementing regulations at 24 C.F.R. Part 75.

(4) The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690) and implementing regulations at 24 C.F.R. Part 24.

(5) The prohibition on the use of debarred, suspended, or ineligible contractors set forth in 24 C.F.R. Part 24.

(i) If Lessee rehabilitates the Improvements then Lessee shall provide Lessor notice upon substantial completion of rehabilitation of the Improvements so that Lessor may inspect the Improvements for compliance with the terms of this Lease and 24 C.F.R. Section 982.401(the HUD Housing Quality Standards as amended by 88 FR 30503 on May 11, 2023, effective October 1, 2023, implementing the NSPIRE standards).

(j) Except to the extent permitted by the RAD HAP Contract or RAD Use Agreement and the normal operation of the Development, neither the Lessee nor any of its partners shall have any authority without the consent of Lessor to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Development or any part thereof.

[signatures on following page]

IN WITNESS WHEREOF, this Lease is made and entered into as of Commencement Date.

LESSOR:

HOUSING AUTHORITY OF THE COUNTY
OF SAN BERNARDINO, a public body,
corporate and politic

By: _____
Maria Razo, Executive Director

LESSEE:

ARROWHEAD GROVE PHASE 4, L.P., a
California limited partnership

By: NCRC AG4 MGP, LLC, a California limited
liability company, its general partner

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Michael Finn
Chief Financial Officer

EXHIBIT A

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL A OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00° 15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING S. 36°16'34" W. A DISTANCE OF 262.29 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC DISTANCE OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 223.50 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 301.41 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL 2:

PARCEL B OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO.

2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 301.41 FEET; THENCE S. 00°00'00" W. A DISTANCE OF 200.00 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" E. ALONG SAID RIGHT-OF-WAY A DISTANCE OF 446.43 FEET TO THE **TRUE POINT OF BEGINNING**.

APNS: 0147-211-24-0-000 AND 0147-211-25-0-000

PARCEL 3:

PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1 & 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; AND LOT 11 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, EXCEPTING THEREFROM A PARCEL 150 FEET BY 150 FEET IN THE NORTHWEST CORNER OF LOT 11; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID

CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 550.77 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC LENGTH OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" W. A DISTANCE OF 23.50 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 936.23 FEET TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY AND A LINE 150 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO A POINT ON A LINE 150 FEET SOUTHERLY OF AND PARALLEL WITH SAID SOUTHERLY RIGHT-OF-WAY; THENCE S. 90°00'00" W. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID WEST LINE A DISTANCE OF 808.22 FEET TO THE SOUTHWEST CORNER OF SAID LOT 11, SAID LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE N. 89°58'38" E. ALONG SAID SOUTH LINE AND CENTERLINE OF OLIVE STREET A DISTANCE OF 1184.74; THENCE N. 00°00'00" E. LEAVING SAID CENTERLINE A DISTANCE OF 167.95 FEET TO A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID CURVE BEARS S. 08°31'46" E.; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE A THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE N. 36°16'34" E. A DISTANCE OF 443.87 FEET; THENCE S. 53°44'16" E. A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 73.68 FEET TO THE EAST LINE OF SAID PARCEL 3; THENCE N. 00°08'27" W. ALONG SAID EAST LINE OF SAID PARCELS 1 AND 3 A DISTANCE OF 446.91 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1 AND **THE POINT OF BEGINNING.**

EXCEPTING THEREFROM LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT

LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE

PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00"
WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING**.

PARCEL 4:

PARCEL 3 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 2015-007,
RECORDED MARCH 2, 2016, AS INSTRUMENT No. 2016-0080122 OF OFFICIAL RECORDS OF
SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:
THOSE PORTIONS OF PARCEL A AND PARCEL C OF CERTIFICATE OF COMPLIANCE
FOR LOT LINE ADJUSTMENT RECORDED MARCH 12, 2015, AS DOCUMENT NO. 2015-0097328,
OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:
BEING A PORTION OF LOTS 13 AND 14 OF BLOCK 42 OF RANCHO SAN BERNARDINO
PER
BOOK 7, PAGE 2 OF MAPS, RECORDS OF THE COUNTY OF SAN BERNARDINO, STATE OF
CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 300.00 FEET OF SAID
LOT 14 AND THE SOUTH LINE OF SAID LOT 14, SAID SOUTH LINE ALSO BEING THE
CENTERLINE OF OLIVE STREET; THENCE SOUTH 89°51'42" WEST ALONG SAID SOUTH
LINE A DISTANCE OF 80.17 FEET; THENCE NORTH 89°59'48" WEST A DISTANCE OF
499.98 FEET; THENCE SOUTH 89°58'38" WEST A DISTANCE OF 48.79 FEET; THENCE
NORTH 00°00'00" EAST LEAVING SAID SOUTH LINE A DISTANCE OF 167.95 FEET TO A
POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS
OF 185.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 08°31'46" EAST; THENCE
EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL
ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE NORTH 36°16'34"
EAST A DISTANCE OF 443.87 FEET; THENCE SOUTH 53°44'16" EAST A DISTANCE OF
100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS
OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE
THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE
NORTH 90°00'00" EAST A DISTANCE OF 73.68 FEET TO THE WEST LINE OF THE EAST
300.00 FEET OF SAID LOT 14; THENCE SOUTH 00°08'27" EAST ALONG SAID WEST LINE A
DISTANCE OF 510.66 FEET TO **THE POINT OF BEGINNING**.

PARCEL 5:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN AN UNINCORPORATED
AREA IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS
DESCRIBED AS
FOLLOWS:

LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00"
WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING**.

FOR CONVEYANCING PURPOSES ONLY:

APN 0147-302-01-0-000 (AFFECTS PORTION OF THE LAND)

APN 0147-302-02-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

APN 0147-312-05-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

EXHIBIT B

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

Mail Tax Statements As Directed Above

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (the "Memorandum") is made as of May __, 2025, by and between Housing Authority of the County of San Bernardino, a public body, corporate and politic, ("Lessor"), and Arrowhead Grove Phase 4, L.P., a California limited partnership ("Lessee") with respect to that certain Ground Lease dated as of May __, 2025 (the "Lease"), between Lessor and Lessee.

Pursuant to the Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor that certain real property, more particularly described in Exhibit A, attached hereto and incorporated herein, (the "Property") and Lessor grants to Lessee, all the improvements constructed or to be constructed on the Property for the term of the Lease which improvements are and shall remain real property. The Lease commences on the date of recordation of this Memorandum, and shall continue from such date until the ninetieth (90th) anniversary of the date of recordation of this Memorandum, unless sooner terminated pursuant to the terms of the Lease.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

This Memorandum shall be subject to that certain RAD Use Agreement by and among Lessor, Lessee and the United States Department of Housing and Urban Development, and to the Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing for the benefit of the California Department of Housing and Community Development, by and between the Lessor and Lessee, and acknowledged by National Community Renaissance of California, both instruments of which are recorded concurrently herewith.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

LESSOR:

HOUSING AUTHORITY OF THE COUNTY
OF SAN BERNARDINO, a public body,
corporate and politic

By: _____
Maria Razo, Executive Director

LESSEE:

ARROWHEAD GROVE PHASE 4, L.P., a
California limited partnership

By: NCRC AG4 MGP, LLC, a California limited
liability company, its general partner

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Michael Finn
Chief Financial Officer

[SIGNATURES MUST BE NOTARIZED]

EXHIBIT A

PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL A OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00° 15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING S. 36°16'34" W. A DISTANCE OF 262.29 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC DISTANCE OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 223.50 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 301.41 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL 2:

PARCEL B OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO.

2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 301.41 FEET; THENCE S. 00°00'00" W. A DISTANCE OF 200.00 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" E. ALONG SAID RIGHT-OF-WAY A DISTANCE OF 446.43 FEET TO THE **TRUE POINT OF BEGINNING**.

APNS: 0147-211-24-0-000 AND 0147-211-25-0-000

PARCEL 3:

PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1 & 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; AND LOT 11 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, EXCEPTING THEREFROM A PARCEL 150 FEET BY 150 FEET IN THE NORTHWEST CORNER OF LOT 11; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID

CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 550.77 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC LENGTH OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" W. A DISTANCE OF 23.50 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 936.23 FEET TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY AND A LINE 150 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO A POINT ON A LINE 150 FEET SOUTHERLY OF AND PARALLEL WITH SAID SOUTHERLY RIGHT-OF-WAY; THENCE S. 90°00'00" W. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID WEST LINE A DISTANCE OF 808.22 FEET TO THE SOUTHWEST CORNER OF SAID LOT 11, SAID LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE N. 89°58'38" E. ALONG SAID SOUTH LINE AND CENTERLINE OF OLIVE STREET A DISTANCE OF 1184.74; THENCE N. 00°00'00" E. LEAVING SAID CENTERLINE A DISTANCE OF 167.95 FEET TO A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID CURVE BEARS S. 08°31'46" E.; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE A THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE N. 36°16'34" E. A DISTANCE OF 443.87 FEET; THENCE S. 53°44'16" E. A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 73.68 FEET TO THE EAST LINE OF SAID PARCEL 3; THENCE N. 00°08'27" W. ALONG SAID EAST LINE OF SAID PARCELS 1 AND 3 A DISTANCE OF 446.91 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1 AND **THE POINT OF BEGINNING.**

EXCEPTING THEREFROM LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT

LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE

PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00"
WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING**.

PARCEL 4:

PARCEL 3 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 2015-007,
RECORDED MARCH 2, 2016, AS INSTRUMENT No. 2016-0080122 OF OFFICIAL RECORDS OF
SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:
THOSE PORTIONS OF PARCEL A AND PARCEL C OF CERTIFICATE OF COMPLIANCE
FOR LOT LINE ADJUSTMENT RECORDED MARCH 12, 2015, AS DOCUMENT NO. 2015-0097328,
OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:
BEING A PORTION OF LOTS 13 AND 14 OF BLOCK 42 OF RANCHO SAN BERNARDINO
PER
BOOK 7, PAGE 2 OF MAPS, RECORDS OF THE COUNTY OF SAN BERNARDINO, STATE OF
CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 300.00 FEET OF SAID
LOT 14 AND THE SOUTH LINE OF SAID LOT 14, SAID SOUTH LINE ALSO BEING THE
CENTERLINE OF OLIVE STREET; THENCE SOUTH 89°51'42" WEST ALONG SAID SOUTH
LINE A DISTANCE OF 80.17 FEET; THENCE NORTH 89°59'48" WEST A DISTANCE OF
499.98 FEET; THENCE SOUTH 89°58'38" WEST A DISTANCE OF 48.79 FEET; THENCE
NORTH 00°00'00" EAST LEAVING SAID SOUTH LINE A DISTANCE OF 167.95 FEET TO A
POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS
OF 185.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 08°31'46" EAST; THENCE
EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL
ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE NORTH 36°16'34"
EAST A DISTANCE OF 443.87 FEET; THENCE SOUTH 53°44'16" EAST A DISTANCE OF
100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS
OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE
THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE
NORTH 90°00'00" EAST A DISTANCE OF 73.68 FEET TO THE WEST LINE OF THE EAST
300.00 FEET OF SAID LOT 14; THENCE SOUTH 00°08'27" EAST ALONG SAID WEST LINE A
DISTANCE OF 510.66 FEET TO **THE POINT OF BEGINNING**.

PARCEL 5:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN AN UNINCORPORATED
AREA IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS
DESCRIBED AS
FOLLOWS:

LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00"
WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING**.

FOR CONVEYANCING PURPOSES ONLY:

APN 0147-302-01-0-000 (AFFECTS PORTION OF THE LAND)

APN 0147-302-02-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

APN 0147-312-05-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

GROUND LEASE AGREEMENT

Between

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a public body, corporate and politic ("Lessor")

and

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership ("Lessee")

(Arrowhead Grove Phase IV Project)

PROMISSORY NOTE
(Ground Lease Loan)
(Arrowhead Grove)

\$3,600,000

San Bernardino, California
August __, 2024

FOR VALUE RECEIVED, the undersigned ARROWHEAD GROVE PHASE 4 L.P. a California limited partnership ("Borrower") hereby promises to pay to the order of the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body corporate and politic organized under the laws of California ("Holder" or "Authority"), the principal amount of Three Million Six Hundred Thousand Dollars (\$3,600,000) plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences Borrower's obligation to repay Holder the principal amount of Three Million Six Hundred Thousand Dollars (\$3,600,000) with interest for the funds loaned to Borrower by Holder (the "Loan") to finance the long term lease of certain real property bounded by Olive Street on the south, La Junta on the east, Baseline Street on the north and N. Waterman Avenue on the west in the City of San Bernardino (the "Property"), upon which Borrower intends to construct a ninety-two (92) unit multi-family development, including a community recreational area to be leased to organizations that will serve the residents of the master planned community of the development and nearby neighborhoods, complimentary retail, office and institutional uses, and attendant site improvements (the "Improvements"). The Property and the Improvements are collectively referred to as the "Development". Concurrently herewith Borrower as lessee and Holder as Lessor are entering into a Ground Lease Agreement with a term of ninety-nine (99) years (the "Ground Lease"). All capitalized terms used but not defined in this Note have the meanings set forth in the Ground Lease.

2. Interest.

(a) Subject to the provisions of Subsection (b) below, the outstanding principal balance of this Note bears interest from the date of this Note until full repayment of the principal balance of the Loan at four and thirty-sevenths hundredths percent (4.37%) which is the Applicable Federal Rate applicable to long-term loans with annual compounding, as calculated in accordance with Internal Revenue Code Section 1274(d) as of the date of this Note.

(b) (b) If a Default occurs (defined in Section 9 below), interest on the principal balance will begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured or waived by Holder, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

3. Loan Documents. This Note is secured by a Deed of Trust, Fixture Filing, Assignment of Rents and Security Agreement (the "Deed of Trust"), of even date herewith, wherein Borrower is the Trustor and Holder is the Beneficiary, covering Borrower's leasehold interest in the Property and fee interest in the Improvements, to be recorded in the Official Records

of San Bernardino County (the "Official Records"). The terms of the Deed of Trust are hereby incorporated into this Note and made a part hereof. The Loan is also evidenced by a Regulatory Agreement and Declaration of Restrictive Covenants by and between Borrower and Holder, of even date herewith, and recorded against the Property in the Official Records (the "Regulatory Agreement"). This Note, the Deed of Trust, and the Regulatory Agreement are collectively referred to as the "Loan Documents".

4. Term and Repayment Requirements.

(a) Term. The term of this Note (the "Term"), commences with the date of this Note and expires fifty-five (55) years after the date a final certificate of occupancy, or equivalent document is issued by the City of San Bernardino to certify that the Development may be legally occupied (the "Completion Date"), provided, however, if a record of the Completion Date cannot be located or established, the Loan is due and payable on the fifty-seventh (57th) anniversary of the date of this Note.

(b) Annual Payments. Commencing on April 1 of the year after completion of construction, and on April 1 of each year thereafter for the Term, Borrower shall make repayments of the outstanding principal and accrued interest on the Loan in an amount equal to the Authority Prorata Percentage of Lenders' Share of Residual Receipts, (each, an "Annual Payment"). Authority shall apply all Annual Payments as follows: (1) first, to accrued interest, and (2) second, to principal.

(c) Payment in Full. All principal and accrued interest on the Loan is due and payable upon the earlier to occur of: (i) the date of any Default, (ii) the expiration of the Term and, (iii) any sale, transfer, assignment, or conveyance of the Development except as provided in the Ground Lease.

(d) Right to Prepay. Borrower may prepay the Loan at any time without premium or penalty. However, the Regulatory Agreement will remain in effect for the entire term of the Regulatory Agreement, regardless of any prepayment.

(e) Special Definitions. The following definitions shall apply for purposes of this Section 4 and Section 5:

(i) "AHSC Loan" means the loan from the California Department of Housing and Community Development to Borrower of Affordable Housing Sustainable Communities (Affordable Housing Development) funds in the approximate amount of Fifteen Million Eight Hundred Forty-Seven Thousand Two Hundred Seventy-Six Dollars (\$15,847,276).

(ii) "Annual Operating Expenses" with respect to a particular calendar year means the following costs reasonably and actually incurred for operation and maintenance of the Development: (1) property taxes and assessments imposed on the Development; (2) debt service and associated fees currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on loans associated with development of the Development and approved by Authority; (3) bond monitoring fee, issuer fees, trustee's fees and other fees and cost payable to a trustee and/or issuer in connection with tax-exempt bonds issued as part of financing for the Development; (4) property management fees and reimbursements

(including deferred payments of previously approved property management fees), on-site property management office expenses, and salaries of property management and maintenance personnel payable to a property manager approved by Authority pursuant to the Regulatory Agreement, not to exceed amounts that are standard in the industry and pursuant to a management contract approved by Authority pursuant to the Regulatory Agreement; (5) on-site service provider fees for tenant social services, provided Authority has approved, in writing, the plan and budget for such services before such services begin; (6) premiums for property damage and liability insurance; (7) utility services not paid for directly by tenants, including water, sewer, and trash collection; (8) maintenance and repair; (9) any annual license or certificate of occupancy fees required for operation of the Development; (10) security services; (11) advertising and marketing; (12) cash deposited into reserves for capital replacements of the Development in an amount required in connection with the permanent debt or equity financing for the Development; (13) cash deposited into an operating reserve in an amount required in connection with the permanent debt or equity financing; (14) investor services fees payable to any partner of Borrower in the amount set forth in Borrower's partnership agreement; (15) fees for accounting, audit, and legal services incurred by Borrower's general partner in the management of the Development, not to exceed amounts that are standard in the industry; (16) payment of any previously unpaid portion of developer fee; (17) extraordinary operating costs specifically approved by Authority; (18) cash deposited into any other reserve in an amount required in connection with the permanent debt or equity financing for the Development including a transition reserve and tenant rent burden protection reserve; and (19) payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved by the Authority and not listed above. Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, any withdrawal from a reserve account, and any capital cost associated with the Development.

(iii) "Authority Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the Loan by the sum of the Loan, the Authority Development Loan, the City NSP Loan, the County HOME Loan, the City HOME Loan, and the AHSC Loan, to the extent of the amount of such funds disbursed to Borrower.

(iv) "City HOME Loan" means the loan from the City of San Bernardino to Borrower in the amount of Three Million Dollars (\$3,000,000).

(v) "County HOME Loan" means the loan from the County of San Bernardino to Borrower in the amount of Five Million Dollars (\$5,000,000).

(vi) "City LMIHAF Funds" means the funding provided by the City of San Bernardino's Housing Successor to Borrower in the amount of One Million Nine Hundred Thousand Dollars (\$1,900,000) of Low- and Moderate-Income Housing Asset Funds ("LMIHAF").

(vii) "Gross Revenue" with respect to a particular calendar year, means all revenue, income, receipts, and other consideration actually received from operation and leasing of the Development. "Gross Revenue" shall include, but not be limited to: (1) all rents, fees and charges paid by tenants; (2) Section 8 payments or other rental subsidy payments received for the

dwelling units; (3) deposits forfeited by tenants; (4) all cancellation fees; (5) price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income; (6) net proceeds from vending and laundry room machines; (7) proceeds of business interruption or similar insurance not paid to lenders with liens senior to the Deed of Trust; (8) subject to the rights of senior lenders of the Development, the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Development (or applied toward the cost of recovering such proceeds); and (9) condemnation awards for a taking of part or all of the Development for a temporary period. "Gross Revenue" does not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

(viii) "Lenders' Share" means fifty percent (50%).

(ix) "Residual Receipts" with respect to a particular calendar year, means the amount by which Gross Revenue exceeds Annual Operating Expenses.

5. Reports and Accounting of Residual Receipts. In connection with the Annual Payment, Borrower shall furnish to Holder:

(a) An itemized statement of Residual Receipts for the relevant period. The first statement of Residual Receipts will cover the period that begins the year prior to the year the first Annual Payment is due, and ends on December 31st of that same year. Subsequent statements of Residual Receipts will cover the twelve-month period that ends on December 31 of each year;

(b) A statement from the independent public accountant that audited Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lenders' Share of Residual Receipts is accurate based on Gross Revenue and Annual Operating Expenses;

(c) An annual budget for the operation of the Development beginning with 2027; and

(d) Any additional documentation reasonably required by Holder to substantiate Borrower's calculation of Lenders' Share of Residual Receipts.

The receipt by Holder of any statement pursuant to subsection (a) above or any payment by Borrower or acceptance by the Authority of any Loan repayment for any period does not bind Holder as to the correctness of such statement or payment. Holder may audit the Residual Receipts and all books, records, and accounts pertaining thereto pursuant to Section 13.2 of the Ground Lease.

6. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in Article 16 of the Ground Lease, concurrent with a transfer of the Ground Lease.

7. Nonrecourse. The Loan is nonrecourse to Borrower. Neither Borrower, nor any partner of Borrower, has any direct or indirect personal liability for payment of the principal of, and interest on, the Loan. Following recordation of the Deed of Trust, the sole recourse of Holder

with respect to the principal of, or interest on, the Note will be to the property described in the Deed of Trust.

8. Terms of Payment.

(a) Borrower shall make all payments due under this Note in currency of the United States of America to Holder at 715 East Brier Drive, San Bernardino, CA 92408-2841, Attn: Executive Director, or to such other place as Holder may from time to time designate.

(b) All payments on this Note are without expense to Holder. Borrower shall pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(c) Notwithstanding any other provision of this Note, or any instrument securing the obligations of Borrower under this Note, if, for any reason whatsoever, the payment of any sums by Borrower pursuant to the terms of this Note would result in the payment of interest that exceeds the amount that Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate will automatically be deducted from the principal balance owing on this Note, so that in no event is Borrower obligated under the terms of this Note to pay any interest that would exceed the lawful rate.

9. Event of Default; Acceleration.

(a) Any of the following constitutes an event of default under this Note (each, a "Default");

(i) Any failure to pay, in full, any payment required under this Note when due;

(ii) Other than the failure addressed above in subsection (i), failure of Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Note, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from Holder to Borrower or, if the failure cannot be cured within thirty (30) days, Borrower shall not be in default so long as Borrower is diligently undertaking to cure such failure and such cure is commenced within thirty (30) days of such failure;

(iii) The occurrence of any event of default under Regulatory Agreement or Deed of Trust, or other instrument securing the obligations of Borrower under this Note or under any other promissory notes hereafter issued by Borrower to Holder pursuant to the Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of a Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of Holder, become immediately due and payable without further demand.

(c) Holder's failure to exercise the remedy set forth in Subsection 9(a) above or any other remedy provided by law upon the occurrence of a Default does not constitute a waiver

of the right to exercise any remedy at any subsequent time in respect to the same or any other Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

(d) The Authority agrees to provide _____ Borrower's limited partners, (individually and collectively, the "Limited Partner") a duplicate copy of all notices of default that the Authority may give to or serve in writing upon Borrower pursuant to the terms of this Note, at the address set forth in Section 17.12 of the Ground Lease, provided, the Authority shall have no liability to the Limited Partner for its failure to do so. The Limited Partner shall have the right, but not the obligation, to cure any Default of Borrower set forth in such notice, during any applicable cure period described in this Note, and the Authority will accept tender of such cure as if delivered by Borrower. If the Limited Partner is unable to cure a Default because Borrower's general partner is in bankruptcy and/or because the cure requires removal of the general partner of Borrower and the Limited Partner is proceeding diligently to remove the general partner of Borrower in order to effect a cure of the Default, the cure period shall be extended for such reasonable time as is necessary for the Limited Partner to effect a cure of the Default, but in no event longer than sixty (60) days after the date of receipt by the Investor of written notice of the Default; provided, however, such sixty (60) day time period is subject to tolling for any period for which an automatic stay is in effect.

10. Waivers.

(a) Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Borrower.

(b) Any extension of time for payment of this Note or any installment hereof made by agreement of Holder with any person now or hereafter liable for payment of this Note must not operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

(c) The obligations of Borrower under this Note are absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

11. Miscellaneous Provisions.

(a) All notices to Holder or Borrower are to be given in the manner and at the addresses set forth in the Ground Lease, or to such addresses as Holder and Borrower may therein designate.

(b) Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note is governed by the laws of the State of California.

(d) The times for the performance of any obligations hereunder are to be strictly construed, time being of the essence.

(e) The Loan Documents, of which this Note is a part, contain the entire agreement between the parties as to the Loan. This Note may not be modified except upon the written consent of the parties.

(signature on following page)

IN WITNESS WHEREOF, Borrower is executing this Promissory Note as of the day and year first above written.

ARROWHEAD GROVE PHASE 4 L.P., a
California limited partnership

By: NCRC AG4 MGP, LLC, a California
limited liability company, its general partner

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Michael Finn
Chief Financial Officer

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING
(Authority Ground Lease Loan)
(Arrowhead Grove Phase IV)

THIS LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING ("Deed of Trust") is made as of
_____, 2025, by and among ARROWHEAD GROVE PHASE 4 LP, a California
limited partnership ("Trustor") whose address is 9421 Haven Avenue, Rancho Cucamonga, CA
91730, Fidelity National Title Company ("Trustee"), and the HOUSING AUTHORITY OF THE
COUNTY OF SAN BERNARDINO, a public body corporate and politic organized under the
laws of California ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein
recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby
irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF
SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions
hereinafter set forth, Trustor's leasehold interest in the property located in the County of San
Bernardino, State of California, that is described in the attached Exhibit A, incorporated herein
by this reference, as created pursuant to the Ground Lease defined below (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which
Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith
or as a means of access thereto, including (without limiting the generality of the foregoing) all
tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and
description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed
to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to
said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or will be, attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING THE FOLLOWING OBLIGATIONS (together, the "Secured Obligations"):

A. Payment to Beneficiary of all sums at any time owing under or in connection with (i) the Note (defined in Section 1.5 below) until paid in full or cancelled, and (ii) any other amounts owing under the Loan Documents (defined in Section 1.4 below). Principal and other

payments are due and payable as provided in the Note or other Loan Documents, as applicable. The Note and all its terms are incorporated herein by reference, and this conveyance secures any and all extensions thereof, however evidenced;

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein;

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents; and

D. All modifications, extensions and renewals of any of the Secured Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR
COVENANTS AND AGREES:

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms have the following meanings in this Deed of Trust:

Section 1.1 The term "Default Rate" means the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

Section 1.2 The term "Ground Lease" means that certain Ground Lease Agreement dated [REDACTED], 2025, entered into between Trustor as Lessee and Beneficiary as Lessor for the lease of the Property by Trustor.

Section 1.3 The term "Loan" means the Loan made by Beneficiary to Trustor in the amount of Three Million Six Hundred Thousand Dollars (\$3,600,000).

Section 1.4 The term "Loan Documents" means this Deed of Trust, the Note, and any other agreements, debt, loan or security instruments between Trustor and Beneficiary relating to the Loan.

Section 1.5 The term "Note" means the promissory note evidencing the Loan of even date herewith, executed by Trustor in favor of Beneficiary, as it may be amended or restated, the payment of which is secured by this Deed of Trust. The terms and provisions of the Note are incorporated herein by reference.

Section 1.6 The term "Principal" means the amounts required to be paid under the Note.

ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment and performance of the Secured Obligations, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary has no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary exercises its rights as agent of Trustor only in the event that Trustor fails to take, or fails to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary specifies upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained requires Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of San Bernardino County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien or otherwise provide assurances to Beneficiary as provided in the Loan Agreement.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law, and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable, subject to the rights of senior lenders that are approved by the Beneficiary pursuant to the Loan Agreement. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the Secured Obligations with the balance, so long as no such breach has occurred and is continuing, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to, rents then due and unpaid, and all such rents will immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor contains a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, other than as security to senior lenders, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenants that, so long as the Secured Obligations are outstanding, Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon any default by Trustor under any of the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited

to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver will be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents are to be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this deed of Trust. Beneficiary or the receiver is to have access to the books and records used in the operation and maintenance of the Property and will be liable to account only for those rents actually received. Beneficiary is not liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes will become part of the Secured Obligations pursuant to Section 3.1 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts are payable by Trustor to Beneficiary upon notice from Beneficiary to Trustor requesting payment thereof and will bear interest from the date of disbursement at the rate stated in Section 3.1.

If the Beneficiary or the receiver enters upon and takes and maintains control of the Property, neither that act nor any application of rents as provided herein will cure or waive any default under this Deed of Trust or invalidate any other right or remedy available to Beneficiary under applicable law or under this Deed of Trust. This assignment of rents of the Property will terminate at such time as this Deed of Trust ceases to secure the Secured Obligations.

ARTICLE 3 TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company that are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor is not required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof is promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges,

Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges can be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 may not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies. Beneficiary acknowledges that Trustor has the right to claim a "welfare exemption" to the payment of ad valorem taxes on the Property under California Revenue and Taxation Code Section 214(g).

In the event that Trustor fails to pay any of the items required by this Section to be paid by Trustor, Beneficiary may (but is under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, will become part of the Secured Obligations secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid, all Secured Obligations secured hereunder have been fulfilled, and this Deed of Trust has been reconveyed.

All such insurance policies and coverages are to be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, are to be delivered to the Beneficiary upon demand therefor at any time prior to Trustor's satisfaction of the Secured Obligations.

Section 3.3 Advances.

In the event the Trustor fails to maintain the full insurance coverage required by this Deed of Trust or fails to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but is under no obligation to) (i) take out the required policies of insurance and pay the premiums on the same, and (ii) make any repairs or replacements that are necessary and provide for payment thereof. All amounts so advanced by the Beneficiary will become part of the Secured Obligations (together with interest as set forth below) and will be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, will bear interest from the date of the advance at the Default Rate.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

Subject to the rights of senior lenders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) the taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (collectively, the "Funds") are hereby assigned to and are to be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part to any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary determines at its sole option. The Beneficiary is entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof will not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Section 4.1 are subject to the rights of any senior mortgage lender. The Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that Trustor (taking into account the Funds) has sufficient funds to rebuild the improvements in substantially the form that existed prior to the casualty or condemnation.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER
ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of a Default (as defined in Section 7.1) hereunder, and if the Beneficiary employs attorneys or incurs other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary. Any such amounts paid by the Beneficiary will be added to the Secured Obligations, and will bear interest from the date such expenses are incurred at the Default Rate.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust is deemed to be fixtures and part of the real property and this Deed of Trust constitutes a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust constitutes a security agreement under the California Commercial Code.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor shall perform all acts that the Beneficiary reasonably requests so as to enable the Beneficiary to maintain a valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it deems appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times upon seventy-two (72) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, may inspect the Security, without payment of charges or fees.

Section 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor will the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants run with the land.

ARTICLE 6 HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction or operation of a multi-family residential development.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property; (2) loss or restriction of use of rentable space on the Property; (3) adverse effect on the

marketing of any rental space on the Property; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties).

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of

the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute defaults (each a "Default") following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents; (3) failure to observe or perform any of Trustor's covenants, agreement or obligations under the Ground Lease; or (4) failure to make any payment or observe or perform any of Trustor's other covenants, agreements, or obligations under any other debt instrument or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein.

Section 7.2 Acceleration of Maturity.

If a Default has occurred and is continuing, then at the option of the Beneficiary, the amount of any payment related to the Default and all unpaid Secured Obligations are immediately due and payable, and no omission on the part of the Beneficiary to exercise such option when entitled to do so may be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If a Default has occurred and is continuing, the Beneficiary may:

(a) 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 the Property and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security will not cure or waive any Default or Notice of Sale (as defined in Section 7.3(c), below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Sale, and, notwithstanding the continuance in possession of the Security, Beneficiary will be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage,

appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of a Default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Sale"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of San Bernardino County; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing the Secured Obligations.

Section 7.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall deliver to the Trustee the Notice of Sale and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which will be deemed to constitute evidence that the Secured Obligations are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of the Notice of Sale from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as is then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after the lapse of that amount of time as is then required by law and after recordation of such Notice of Sale as required by law, sell the Security, at the time and place of sale set forth in the Notice of Sale, whether as a whole or in separate lots or parcels or items, as Trustee deems expedient and in such order as it determines, unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States 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 or any matters of facts will be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other Secured Obligations owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, 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.

Section 7.5 Receiver.

If a Default occurs and is continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, may apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers will 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 will continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy will be cumulative and concurrent and will be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Default will exhaust or impair any such right, power or remedy, and may not be construed to be a waiver of any such Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's express or implied consent to breach, or waiver of, any obligation of the Trustor hereunder will not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare a Default, irrespective of how long such failure continues, will not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment or performance of any Secured Obligation, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission will not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor will any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Default then made or of any subsequent Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, will the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary has the power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, will be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount that becomes due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any Secured Obligations or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments.

This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Secured Obligations have been paid or forgiven, and all obligations under the Loan Documents have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Deed of Trust it becomes necessary or

convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication must be in writing and is to be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary is to be addressed to:

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

and (2) if intended for Trustor is to be addressed to:

ARROWHEAD GROVE PHASE 4 LP.
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: President/CFO

with a copy to
(Investor):

Hudson SLP LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: Joseph A. Macari
Fax No.: (212) 218-4467

And

Bocarsly Emden Cowan Esmail & Arndt LLP
4800 Hampden Lane, Suite 200
Bethesda, Maryland 20814
Attention: Craig A. Emden
Fax No.: (213) 559-0747

And:

Capital One, N.A.
299 Park Avenue, 14th Floor
New York, NY 10171

And:

Any notice, demand or communication will be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary

or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors.

Where an obligation created herein is binding upon Trustor, the obligation also applies to and binds any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation will be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor will be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity will not affect the balance of the terms and provisions hereof, which terms and provisions will remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, will be considered to have been first paid or applied to the full payment of that portion of the debt that is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust is governed by the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular includes the plural and the masculine includes the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage also refers to a deed of trust and any reference to a deed of trust also refers to a mortgage.

Section 8.10 Actions.

Trustor shall appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution is to be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, will be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of a pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee is a party unless brought by Trustee.

Section 8.14 Tax Credit Provisions.

Notwithstanding anything to the contrary contained herein or in any documents secured by this Deed of Trust or contained in any subordination agreement, and to the extent applicable, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the Security encumbered by this Deed of Trust, the following rule contained in 26 U.S.C. Section 42(h)(6)(E)(ii), as amended, applies:

For a period of three (3) years from the date of Foreclosure, with respect to an existing tenant of any low-income unit, (i) such tenant may not be subject to eviction or termination of their tenancy (other than for good cause), (ii) nor may such tenant's gross rent with respect to such unit be increased, except as otherwise permitted under Section 42 of the Internal Revenue Code.

Section 8.15 Subordination to Deed of Trust.

This Deed of Trust is made subordinate to that certain deed of trust executed by Trustor in favor of Beneficiary, and Fidelity National Title Company as trustee, of even date herewith, securing a note in the original principal amount of [REDACTED] Dollars (\$[REDACTED]), and recorded contemporaneously herewith in the Official Records of San Bernardino County.

(signature on following page)

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

ARROWHEAD GROVE PHASE 4 LP., a California
limited partnership

By: NCRC AG4 MGP, LLC, a California limited
liability company, its general partner

By: National Community Renaissance of
California, a California nonprofit public benefit
corporation, its sole member and manager

By: _____
Michael Finn
Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL A OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00° 15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING S. 36°16'34" W. A DISTANCE OF 262.29 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC DISTANCE OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 223.50 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 301.41 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL 2:

PARCEL B OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016, AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 301.41 FEET; THENCE S. 00°00'00" W. A DISTANCE OF 200.00 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" E. ALONG SAID RIGHT-OF-WAY A DISTANCE OF 446.43 FEET TO THE **TRUE POINT OF BEGINNING**.

APNS: 0147-211-24-0-000 AND 0147-211-25-0-000

PARCEL 3:

PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1 & 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; AND LOT 11 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, EXCEPTING THEREFROM A PARCEL 150 FEET BY 150 FEET IN THE NORTHWEST CORNER OF LOT 11; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET;

THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 550.77 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC LENGTH OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" W. A DISTANCE OF 23.50 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 936.23 FEET TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY AND A LINE 150 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO A POINT ON A LINE 150 FEET SOUTHERLY OF AND PARALLEL WITH SAID SOUTHERLY RIGHT-OF-WAY; THENCE S. 90°00'00" W. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID WEST LINE A DISTANCE OF 808.22 FEET TO THE SOUTHWEST CORNER OF SAID LOT 11, SAID LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE N. 89°58'38" E. ALONG SAID SOUTH LINE AND CENTERLINE OF OLIVE STREET A DISTANCE OF 1184.74; THENCE N. 00°00'00" E. LEAVING SAID CENTERLINE A DISTANCE OF 167.95 FEET TO A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID CURVE BEARS S. 08°31'46" E.; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE A THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE N. 36°16'34" E. A DISTANCE OF 443.87 FEET; THENCE S. 53°44'16" E. A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 73.68 FEET TO THE EAST LINE OF SAID PARCEL 3; THENCE N. 00°08'27" W. ALONG SAID EAST LINE OF SAID PARCELS 1 AND 3 A DISTANCE OF 446.91 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1 AND **THE POINT OF BEGINNING.**

EXCEPTING THEREFROM LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS: **BEGINNING** AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00" WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING.**

PARCEL 4:

PARCEL 3 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 2015-007, RECORDED MARCH 2, 2016, AS INSTRUMENT No. 2016-0080122 OF OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS: THOSE PORTIONS OF PARCEL A AND PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED MARCH 12, 2015, AS DOCUMENT NO. 2015-0097328, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS: BEING A PORTION OF LOTS 13 AND 14 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7, PAGE 2 OF MAPS, RECORDS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 300.00 FEET OF SAID LOT 14 AND THE SOUTH LINE OF SAID LOT 14, SAID SOUTH LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE SOUTH 89°51'42" WEST ALONG SAID SOUTH LINE A DISTANCE OF 80.17 FEET; THENCE NORTH 89°59'48" WEST A DISTANCE OF 499.98 FEET; THENCE SOUTH 89°58'38" WEST A DISTANCE OF 48.79 FEET; THENCE NORTH 00°00'00" EAST LEAVING SAID SOUTH LINE A DISTANCE OF 167.95 FEET TO A POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 08°31'46" EAST; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE NORTH 36°16'34" EAST A DISTANCE OF 443.87 FEET; THENCE SOUTH 53°44'16" EAST A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE NORTH 90°00'00" EAST A DISTANCE OF 73.68 FEET TO THE WEST LINE OF THE EAST 300.00 FEET OF SAID LOT 14; THENCE SOUTH 00°08'27" EAST ALONG SAID WEST LINE A DISTANCE OF 510.66 FEET TO **THE POINT OF BEGINNING.**

PARCEL 5:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN AN UNINCORPORATED AREA IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00" WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00'

00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE **POINT OF BEGINNING**.

FOR CONVEYANCING PURPOSES ONLY:

APN 0147-302-01-0-000 (AFFECTS PORTION OF THE LAND)

APN 0147-302-02-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

APN 0147-312-05-0-000 (AFFECTS PORTION OF THE LAND AND OTHER PROPERTY)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attention: Aviva Yakren, Esq.

(Space Above This Line For Recorder's Use)

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR RIGHTS UNDER CERTAIN AGREEMENTS RELATING TO CERTAIN REAL PROPERTY BECOMING SUBJECT TO, AND OF LOWER PRIORITY THAN, THE LIEN OF A SECURITY INTEREST.

THIS SUBORDINATION AGREEMENT ("**Agreement**") is entered into this [] day of [], 2025, by and between **CAPITAL ONE NATIONAL ASSOCIATION**, a national banking association ("**Senior Lender**"), and the **HOUSING AUTHORITY OF SAN BERNADINO COUNTY**, a public body, corporate and politic ("**Subordinate Lender**").

RECITALS

- A. **ARROWHEAD GROVE PHASE 4 LP**, a California limited partnership ("**Borrower**") is the ground lessee of certain land located at 375 Elm Circle, San Bernadino, California 92410, described in Exhibit A ("**Land**"). The Land is improved with a multifamily rental housing project with community services facility space ("**Improvements**").
- B. The California Statewide Communities Development Authority ("**Governmental Lender**"), the original holder of the Senior Tax-Exempt Note, has made a loan to Borrower in the original principal amount of \$[] ("**Senior Tax-Exempt Loan**") upon the terms and conditions of a Borrower Loan Agreement dated as of [], 2025 ("**Borrower Loan Agreement**") between Governmental Lender and Borrower in connection with the Mortgaged Property. The Senior Tax-Exempt Loan will be advanced pursuant to that certain Construction Disbursement Agreement dated as of the date hereof, ("**Construction Disbursement Agreement**") between Senior Lender and Borrower. The Senior Tax-Exempt Loan is secured by a Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof ("**Senior Tax-Exempt Security Instrument**") encumbering the Land, the Improvements and related personal and other property described and defined in the Senior Tax-Exempt Security Instrument as the "**Mortgaged Property**."
- C. Senior Lender the original holder of the Senior Taxable Note, has made a loan to

Borrower in the original principal amount of \$[_] (“**Senior Taxable Loan**”, and together with the Senior Tax-Exempt Loan, collectively, the “**Senior Loan**”) upon the terms and conditions of a Construction Loan Agreement dated as of the date hereof (“**Taxable Construction Loan Agreement**”) between Senior Lender and Borrower in connection with the Mortgaged Property. The Senior Taxable Loan is secured by a Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof (“**Senior Taxable Mortgage**”, and together with the Senior Tax-Exempt Security Instrument, collectively, the “**Senior Security Instrument**”) encumbering the Land, the Improvements and the Mortgaged Property.

- D. Pursuant to a loan agreement, dated on or about the date hereof, between Subordinate Lender and Borrower (“**Subordinate Loan Agreement**”), Subordinate Lender has made or is making a subordinate loan to Borrower in the original principal amount of \$[_] (“**Subordinate Loan**”) evidenced by the Subordinate Note. The Subordinate Loan is or will be secured by a leasehold deed of trust, dated on or about the date hereof (“**Subordinate Deed of Trust**”) encumbering all or a portion of the Mortgaged Property.
- E. The Senior Security Instrument and Subordinate Deed of Trust will be recorded in the land records for San Bernadino, California (“**Recording Office**”).
- F. The Senior Tax-Exempt Note was assigned by the Governmental Lender to Senior Lender, as security for the loan made by the Senior Lender to the Governmental Lender pursuant to the Funding Loan Agreement (the “**Funding Loan**”). The Senior Tax-Exempt Security Instrument was assigned by the Governmental Lender to Senior Lender, as security for the Funding Loan pursuant to an Assignment of Deed of Trust and Loan Documents, dated as of the date hereof, to be recorded in the Recording Office contemporaneously herewith.
- G. The execution and delivery of this Agreement is a condition of Senior Lender’s consenting to Subordinate Lender’s making of the Subordinate Loan and Borrower’s granting of the Subordinate Deed of Trust.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Definitions.** The following terms, when used in this Agreement (including, as appropriate, when used in the above recitals), will have the following meanings.

The terms “**Leases**,” and “**Rents**” as well as any term used in this Agreement and not otherwise defined in this Agreement, will have the meanings given to those terms in the Senior Security Instrument.

“**Bankruptcy Proceeding**” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their

respective properties, or any of their respective partners, members, officers, directors, or shareholders.

“Borrower” means all persons or entities identified as “Borrower” in the first Recital of this Agreement, together with their successors and assigns, and any other person or entity who acquires title to the Mortgaged Property after the date of this Agreement; provided that the term “Borrower” will not include Senior Lender if Senior Lender acquires title to the Mortgaged Property.

“Casualty” means the occurrence of damage to or loss of all or any portion of the Mortgaged Property by fire or other casualty.

“Enforcement Action” means any of the following actions taken by or at the direction of Subordinate Lender: the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee’s sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker’s lien or rights of set-off or recoupment, or the exercise of any other remedial action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

“Enforcement Action Notice” means a Notice given from Subordinate Lender to Senior Lender, following one or more Subordinate Security Instrument Default(s) and the expiration of any applicable notice or cure periods, setting forth in reasonable detail the Subordinate Security Instrument Default(s) and the Enforcement Actions proposed to be taken by Subordinate Lender.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of [], 2025, between Governmental Lender and Senior Lender.

“Governmental Note” means the promissory notes delivered by the Governmental Lender evidencing the Funding Loan.

“Lien” means any lien, encumbrance, estate or other interest, recorded against or secured by the Mortgaged Property.

“Loss Proceeds” means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any condemnation or casualty.

“Notice” means all notices, requests, demands, consents, approvals or other communication pursuant to this Agreement provided in accordance with the provisions of Section 10.

“Regulatory Agreement” means that certain Regulatory and Operating Agreement, dated the date hereof, between Subordinate Lender and Borrower and recorded in the Recording Office contemporaneously herewith.

“Senior Indebtedness” means the “Indebtedness” of Borrower as evidenced by the Senior Loan Documents.

“Senior Lender” means the person or entity named as such in the first paragraph of this Agreement and any other person or entity who becomes the legal holder of the Senior Note after the date of this Agreement.

“Senior Loan Agreement” collectively means, the Borrower Loan Agreement, the Construction Disbursement Agreement and the Taxable Construction Loan Agreement.

“Senior Loan Documents” collectively means, the “Loan Documents” as defined in the Construction Disbursement Agreement and “Loan Documents” as defined in the Taxable Construction Loan Agreement, as such documents may be amended.

“Senior Security Instrument Default” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of Notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Senior Loan Documents.

“Senior Note” means, collectively, the Senior Tax-Exempt Note and the Senior Taxable Note.

“Senior Tax-Exempt Note” means that certain Promissory Note (Borrower Loan Note), dated as of the date hereof, by Borrower in favor of Governmental Lender in connection with the Senior Tax-Exempt Loan.

“Senior Taxable Note” means, that certain Construction Loan Note, dated as of the date hereof, by Borrower in favor of Senior Lender in connection with the Senior Taxable Loan.

“Subordinate Indebtedness” means all sums evidenced or secured or guaranteed by, or otherwise due and payable to Subordinate Lender pursuant to, the Subordinate Loan Documents.

“Subordinate Lender” means the person or entity named as such in the first paragraph of this Agreement and any other person or entity who becomes the legal holder of the Subordinate Note after the date of this Agreement.

“Subordinate Loan Documents” means the Subordinate Deed of Trust, the Subordinate Note, the Subordinate Loan Agreement, the Regulatory Agreement and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as such documents may be amended.

“Subordinate Security Instrument Default” means any act, failure to act, event, condition, or occurrence which allows (but for any contrary provision of this Agreement) Subordinate Lender to take an Enforcement Action.

“Subordinate Note” means the promissory notes or other evidence of the Subordinate Indebtedness and any replacement of the Subordinate Note.

“Surplus Cash” means, with respect to any period, any revenues of Borrower remaining after paying, or setting aside funds for paying, all the following:

- (i) All sums due or currently required to be paid under the Senior Loan Documents.
- (ii) All reasonable operating expenses of the Mortgaged Property, including real estate taxes, insurance premiums, utilities, building maintenance, painting and repairs, management fees, payroll, administrative expenses, legal expenses and audit expenses (excluding any developer fees payable with respect to the Mortgaged Property).

2. Subordinate Lender’s Representations and Warranties.

- (a) Subordinate Lender represents and warrants that each of the following is true as of the date of this Agreement:
 - (i) Subordinate Lender is now the owner and holder of the Subordinate Loan Documents.
 - (ii) No Subordinate Security Instrument Default has occurred and is continuing.
 - (iii) The current stated principal balance of the Subordinate Indebtedness is \$[].
 - (iv) No scheduled payments under the Subordinate Note have been prepaid.
- (b) Without the prior written consent of Senior Lender, Subordinate Lender will not do any of the following:
 - (i) Pledge, assign, transfer, convey, or sell any interest in the Subordinate Indebtedness or any of the Subordinate Loan Documents, other than to another governmental or quasi-governmental entity controlled by, or under common control with, the Subordinate Lender.
 - (ii) Take any action which has the effect of increasing the Subordinate Indebtedness, except as specifically provided in this Agreement.
 - (iii) Accept any prepayment of the Subordinate Indebtedness.

3. Terms of Subordination.

- (a) Senior Lender Acknowledgement and Agreement of Limitations and Subordinate Lender Agreement to Subordinate. Senior Lender acknowledges and agrees that the terms of the Subordinate Loans are subject to the requirements of various federal and state programs and accordingly, all terms agreed to herein by the Subordinate Lender are subject to the requirements and restrictions of such programs, which may limit Senior Lender's rights and remedies. The Subordinate Indebtedness is and will at all times continue to be subject and subordinate in right of payment to the prior payment in full of the Senior Indebtedness. Each of the Subordinate Loan Documents is, and will at all times remain, subject and subordinate in all respects to the liens, terms, covenants, conditions, operations, and effects of each of the Senior Loan Documents.
- (b) Subordination of Subrogation Rights. If Subordinate Lender, by indemnification, subrogation or otherwise, acquires any Lien on any of the Mortgaged Property, then that Lien will be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Subordinate Indebtedness and the Subordinate Loan Documents are subordinate pursuant to this Agreement.
- (c) Payments Before Senior Loan Default; Soft Subordinate Debt. Until the occurrence of a Senior Security Instrument Default, Subordinate Lender will be entitled to retain for its own account all payments of the principal of and interest on the Subordinate Indebtedness pursuant to the Subordinate Loan Documents; provided that Subordinate Lender expressly agrees that it will not accept any such payment that is made more than 10 days in advance of its due date.
- (d) Payments After Senior Loan Default or Bankruptcy.
 - (i) Immediately upon Subordinate Lender's receipt of written Notice of a Senior Security Instrument Default, Subordinate Lender will not accept any payments of the Subordinate Indebtedness, and the provisions of this Section 3(d) of this Agreement will apply.
 - (ii) If Subordinate Lender receives any of the following, whether voluntarily or by action of law, after a Senior Security Instrument Default of which Subordinate Lender has been given written Notice, such will be received and held in trust for Senior Lender:
 - (A) Any payment, property, or asset of any kind or in any form in connection with the Subordinate Indebtedness.
 - (B) Any proceeds from any Enforcement Action.

- (C) Any payment, property, or asset in or in connection with any Bankruptcy Proceeding.
- (iii) Subordinate Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets described in Section 3(d)(ii) to Senior Lender. Senior Lender will apply any payment, asset, or property so received from Subordinate Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender determines in its sole and absolute discretion.
- (e) Bankruptcy. Without the prior written consent of Senior Lender, Subordinate Lender will not commence, or join with any other creditor in commencing, any Bankruptcy Proceeding. In the event of a Bankruptcy Proceeding, Subordinate Lender will not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan.

4. Default Under Subordinate Loan Documents.

- (a) Notice of Subordinate Loan Default and Cure Rights.
 - (i) Subordinate Lender will deliver to Senior Lender a copy of each Notice delivered by Subordinate Lender pursuant to the Subordinate Loan Documents within 5 Business Days of sending such Notice to Borrower. Neither giving nor failing to give a Notice to Senior Lender pursuant to this Section 4(a) will affect the validity of any Notice given by Subordinate Lender to Borrower.
 - (ii) Senior Lender will have the right, but not the obligation, to cure any Subordinate Security Instrument Default, until such time, if ever, as Senior Lender delivers to Subordinate Lender Senior Lender's Notice of written consent to an Enforcement Action described in an Enforcement Action Notice given by Subordinate Lender as a consequence of a Subordinate Security Instrument Default.
 - (iii) Subordinate Lender acknowledges that all amounts advanced or expended by Senior Lender in accordance with the Senior Loan Documents or to cure a Subordinate Security Instrument Default will be added to and become a part of the Senior Indebtedness and will be secured by the lien of the Senior Security Instrument.
- (b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.
 - (i) Subordinate Lender may not commence any Enforcement Action, including any foreclosure action under the Subordinate Loan Documents, until 90

days after Subordinate Lender has delivered to Senior Lender an Enforcement Action Notice.

- (ii) Subordinate Lender acknowledges that Senior Lender may grant or refuse consent to Subordinate Lender's Enforcement Action in Senior Lender's sole and absolute discretion.
 - (iii) Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Subordinate Lender. No action or failure to act on the part of Senior Lender in the event of a Subordinate Security Instrument Default or commencement of an Enforcement Action will constitute a waiver on the part of Senior Lender of any provision of the Senior Loan Documents or this Agreement.
- (c) Cross Default. Subordinate Lender acknowledges that a Subordinate Security Instrument Default constitutes a Senior Security Instrument Default. Accordingly, upon the occurrence of a Subordinate Security Instrument Default, Subordinate Lender will be deemed to have actual knowledge of a Senior Security Instrument Default. If Subordinate Lender notifies Senior Lender in writing that any Subordinate Loan Default of which Senior Lender has received Notice has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Mortgaged Property pursuant to its rights under the Senior Loan Documents, any Senior Loan Default under the Senior Loan Documents arising solely from such Subordinate Loan Default will be deemed cured, and the Senior Loan will be reinstated.

5. Default Under Senior Loan Documents.

- (a) Notice of Senior Loan Default and Cure Rights.
- (i) Senior Lender will deliver to Subordinate Lender a copy of any Notice sent by Senior Lender to Borrower of a Senior Security Instrument Default within 5 Business Days of sending such Notice to Borrower. Failure of Senior Lender to send Notice to Subordinate Lender will not prevent the exercise of Senior Lender's rights and remedies under the Senior Loan Documents.
 - (ii) Subordinate Lender will have the right, but not the obligation, to cure any monetary Senior Security Instrument Default within 30 days following the date of such Notice. During such 30-day period Senior Lender will be entitled to continue to pursue its remedies under the Senior Loan Documents.
 - (iii) Subordinate Lender may, within 90 days after the date of the Notice, cure a non-monetary Senior Security Instrument Default if during such 90-day period, Subordinate Lender keeps current all payments required under the Senior Loan Documents. If such a non-monetary Senior Security Instrument Default creates an unacceptable level of risk relative to the Mortgaged

Property, or Senior Lender's secured position relative to the Mortgaged Property, as determined by Senior Lender in its sole discretion, then during such 90-day period Senior Lender may exercise all available rights and remedies to protect and preserve the Mortgaged Property and the Rents, revenues and other proceeds from the Mortgaged Property.

- (iv) All amounts paid by Subordinate Lender to Senior Lender to cure a Senior Security Instrument Default will be deemed to have been advanced by Subordinate Lender pursuant to, and will be secured by the lien of, the Subordinate Deed of Trust. Notwithstanding anything in this Section 5(a) to the contrary, Subordinate Lender's right to cure any Senior Security Instrument Default will terminate immediately upon the occurrence of any Bankruptcy Proceeding.

(b) Release of Mortgaged Property.

- (i) Subordinate Lender consents to and authorizes any future release by Senior Lender of all or any portion of the Mortgaged Property from the lien, operation, and effect of the Senior Loan Documents. Subordinate Lender waives to the fullest extent permitted by law, all equitable or other rights it may have in connection with the release of all or any portion of the Mortgaged Property, including any right to require Senior Lender to do any of the following:
 - (A) To conduct a separate sale of any portion of the Mortgaged Property.
 - (B) To exhaust its remedies against all or any portion of the Mortgaged Property or any combination of portions of the Mortgaged Property or any other collateral for the Senior Indebtedness.
 - (C) To proceed against Borrower, any other party that may be liable for any of the Senior Indebtedness (including any general partner of Borrower if Borrower is a partnership), all or any portion of the Mortgaged Property or combination of portions of the Mortgaged Property or any other collateral, before proceeding against all or such portions or combination of portions of the Mortgaged Property as Senior Lender determines. Subordinate Lender waives to the fullest extent permitted by law any and all benefits under California Civil Code Sections 2845, 2849 and 2850.
- (ii) Subordinate Lender consents to and authorizes, at the option of Senior Lender, the sale, either separately or together, of all or any portion of the Mortgaged Property. Subordinate Lender acknowledges that without Notice to Subordinate Lender and without affecting any of the provisions of this Agreement, Senior Lender may do any of the following:

- (A) Extend the time for or waive any payment or performance under the Senior Loan Documents.
- (B) Modify or amend in any respect any provision of the Senior Loan Documents.
- (C) Modify, exchange, surrender, release, and otherwise deal with any additional collateral for the Senior Indebtedness.

6. Conflicts. If there is any conflict or inconsistency between the terms of the Subordinate Loan Documents and the terms of this Agreement, then the terms of this Agreement will control. Borrower acknowledges that the terms and provisions of this Agreement will not, and will not be deemed to do any of the following:

- (a) Extend Borrower's time to cure any Senior Loan Default or Subordinate Loan Default.
- (b) Give Borrower the right to receive notice of any Senior Loan Default or Subordinate Loan Default, other than that, if any, provided, respectively under the Senior Loan Documents of the Subordinate Loan Documents.
- (c) Create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

7. Rights and Obligations of Subordinate Lender Under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.

(a) Insurance.

- (i) All original policies of insurance required pursuant to the Senior Loan Documents will be held by Senior Lender.
- (ii) Nothing in this Section 7(a) will preclude Subordinate Lender from requiring that it be named as a mortgagee and loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Mortgaged Property, provided such action does not affect the priority of payment of Loss Proceeds, or that Subordinate Lender be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Mortgaged Property.

(b) Condemnation or Casualty.

In the event of a condemnation or a casualty, the following provisions will apply:

- (i) The rights of Subordinate Lender (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a

condemnation or a casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a condemnation or a casualty, will be and remain subordinate in all respects to Senior Lender's rights under the Senior Loan Documents, and Subordinate Lender will be bound by any settlement or adjustment of a claim resulting from a condemnation or a casualty made by Senior Lender.

- (ii) All Loss Proceeds will be applied either to payment of the costs and expenses of restoration or to payment on account of the Senior Indebtedness, as and in the manner determined by Senior Lender in its sole discretion; provided however, Senior Lender agrees to consult with Subordinate Lender in determining the application of casualty proceeds. In the event of any disagreement between Senior Lender and Subordinate Lender over the application of casualty proceeds, the decision of Senior Lender, in its sole discretion, will prevail.
 - (iii) If Senior Lender holds Loss Proceeds, or monitors the disbursement of Loss Proceeds, Subordinate Lender will not do so. Nothing contained in this Agreement will be deemed to require Senior Lender to act for or on behalf of Subordinate Lender in connection with any restoration or to hold or monitor any Loss Proceeds in trust for or otherwise on behalf of Subordinate Lender, and all or any Loss Proceeds may be commingled with any funds of Senior Lender.
 - (iv) If Senior Lender elects to apply Loss Proceeds to payment on account of the Senior Indebtedness, and if the application of such Loss Proceeds results in the payment in full of the entire Senior Indebtedness, any remaining Loss Proceeds held by Senior Lender will be paid to Subordinate Lender unless another party has asserted a claim to the remaining Loss Proceeds.
- (c) Modification of Subordinate Loan Documents. Subordinate Lender agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not unless otherwise provided in this Agreement, without the prior written consent of Senior Lender, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. If Subordinate Lender either (i) amends the Subordinate Loan Documents in the manner set forth above or (ii) assigns the Subordinate Loan without Senior Lender's consent then such amendment or assignment will be void ab initio and of no effect whatsoever.
- (d) Modification of Senior Loan Documents. Senior Lender may amend, waive, postpone, extend, renew, replace, reduce or otherwise modify any provisions of the Senior Loan Documents without the necessity of obtaining the consent of or

providing Notice to Subordinate Lender, and without affecting any of the provisions of this Agreement.

- (e) Commercial or Retail Leases. If requested, Subordinate Lender will enter into attornment and non-disturbance agreements with all tenants under commercial or retail Leases, if any, to whom Senior Lender has granted attornment and non-disturbance.
 - (f) Subordinate Lender Approvals. Whenever the Subordinate Loan Documents give Subordinate Lender approval or consent rights with respect to any matter, and a right of approval or consent for the same or substantially the same matter is also granted to Senior Lender pursuant to the Senior Loan Documents or otherwise, Senior Lender's approval or consent or failure to approve or consent will be binding on Subordinate Lender.
 - (g) Escrows. Except as provided in this Section 7(g), and regardless of any contrary provision in the Subordinate Loan Documents, Subordinate Lender will not collect any escrows for any cost or expense related to the Mortgaged Property or for any portion of the Subordinate Indebtedness. However, if Senior Lender is not collecting escrow payments for one or more impositions, Subordinate Lender may collect escrow payments for such impositions; provided that all payments so collected by Subordinate Lender will be held in trust by Subordinate Lender to be applied only to the payment of such impositions.
 - (h) Certification. Within 10 Business Days after written request by Senior Lender, Subordinate Lender will furnish Senior Lender with a statement, duly acknowledged and certified setting forth the then-current amount and terms of the Subordinate Indebtedness, confirming that there exists no default under the Subordinate Loan Documents (or describing any default that does exist), and certifying to such other information with respect to the Subordinate Indebtedness as Senior Lender may request.
8. **Refinancing.** Subordinate Lender agrees that its agreement to subordinate under this Agreement will extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing). All terms and covenants of this Agreement will inure to the benefit of any holder of any such refinanced debt, and all references to the Senior Loan Documents and Senior Lender will mean, respectively, the refinance loan documents and the holder of such refinanced debt. Subordinate Lender specifically agrees that on the Conversion Date (as such term is defined in the Construction Disbursement Agreement) Subordinate Lender shall enter into a subordination agreement with California Community Reinvestment Corporation, a California non-profit corporation, a form of which is attached hereto as Exhibit B.
9. **Governmental Powers.** Nothing in this Agreement is intended, nor will it be construed, to in any way limit the exercise by Subordinate Lender of its governmental powers

(including police, regulatory and taxing powers) with respect to Borrower or the Mortgaged Property to the same extent as if it were not a party to this Agreement or the transactions contemplated by this Agreement.

10. Notices.

- (a) Any Notice required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery (any Notice so delivered will be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any Notice so delivered will be deemed to have been received on the next Business Day following receipt by the courier), or (iii) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any Notice so sent will be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:

Notices intended for Senior Lender will be addressed to:

Capital One, National Association
299 Park Avenue, 14th Floor
New York, New York 10171
Attention: Community Finance Portfolio Management

with a copy to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attention: Aviva Yakren, Esq.

Notices intended for Subordinate Lender will be addressed to:

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

with a copy to:

[]

- (b) Any party, by Notice given pursuant to this Section 10, may change the person or persons and/or address or addresses, or designate an additional person or persons

or an additional address or addresses, for its Notices, but Notice of a change of address will only be effective upon receipt. Neither party will refuse or reject delivery of any Notice given in accordance with this Section 10.

11. Miscellaneous Provisions.

- (a) Assignments/Successors. This Agreement will be binding upon and will inure to the benefit of the respective legal successors and permitted assigns of the parties to this Agreement. Except for Senior Lender, no other party will be entitled to any benefits under this Agreement, whether as a third-party beneficiary or otherwise. This Agreement may be assigned at any time by Senior Lender to any subsequent holder of the Senior Note.
- (b) No Partnership or Joint Venture. Nothing in this Agreement or in any of the Senior Loan Documents or Subordinate Loan Documents will be deemed to constitute Senior Lender as a joint venturer or partner of Subordinate Lender.
- (c) Further Assurances. Upon written Notice from Senior Lender, Subordinate Lender will execute and deliver such additional instruments and documents, and will take such actions, as are reasonably required by Senior Lender to further evidence or implement the provisions and intent of this Agreement.
- (d) Amendment. This Agreement may be amended, changed, modified, altered or terminated only by a written instrument signed by the parties to this Agreement or their successors or assigns.
- (e) Governing Law. This Agreement will be governed by the laws of the State of California and subject to the jurisdiction and venue in a court located in the State of California.
- (f) Severable Provisions. If any one or more of the provisions contained in this Agreement, or any application of any such provisions, is invalid, illegal, or unenforceable in any respect, the validity, legality, enforceability, and application of the remaining provisions contained in this Agreement will not in any way be affected or impaired.
- (g) Term. The term of this Agreement will commence on the date of this Agreement and will continue until the earliest to occur of the following events:
 - (i) The payment of all the Senior Indebtedness; provided that this Agreement will be reinstated in the event any payment on account of the Senior Indebtedness (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such

event, any or all of the Senior Indebtedness originally intended to be satisfied will be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

- (ii) The payment of all the Subordinate Indebtedness other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to this Agreement.
- (iii) The acquisition by Senior Lender or by a third-party purchaser of title to the Mortgaged Property pursuant to a foreclosure of, deed in lieu of foreclosure, or trustee's sale or other exercise of a power of sale or similar disposition under the Senior Security Instrument.
- (iv) The acquisition by Subordinate Lender of title to the Mortgaged Property subject to the Senior Security Instrument pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale under) the Subordinate Deed of Trust.
- (h) Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
- (i) Entire Agreement. This Agreement represents the entire understanding and agreement between the parties regarding the matters addressed in this Agreement, and will supersede and cancel any prior agreements regarding such matters.
- (j) Authority. Each person executing this Agreement on behalf of a party to this Agreement represents and warrants that such person is duly and validly authorized to do so on behalf of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations under this Agreement.
- (k) No Waiver. No failure or delay on the part of any party to this Agreement in exercising any right, power, or remedy under this Agreement will operate as a waiver of such right, power, or remedy, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise of such right, power, or remedy or the exercise of any other right, power or remedy under this Agreement.
- (l) Remedies. Each party to this Agreement acknowledges that if any party fails to comply with its obligations under this Agreement, the other parties will have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.

[SIGNATURE AND ACKNOWLEDGMENT PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

SENIOR LENDER:

CAPITAL ONE, NATIONAL ASSOCIATION, a
national banking association

By: _____

Name:

Title:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, 2025, before me, _____,
Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

SUBORDINATE LENDER:

**HOUSING AUTHORITY OF SAN
BERNADINO COUNTY**, a public body, corporate
and politic

By: _____
Name:
Title:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, 2025, before me, _____,
Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

CONSENT OF BORROWER

Borrower acknowledges receipt of a copy of this Subordination Agreement, by and between **CAPITAL ONE, NATIONAL ASSOCIATION**, a national banking association and the **HOUSING AUTHORITY OF SAN BERNADINO COUNTY** and consents to the agreement of the parties set forth in this Agreement.

BORROWER:

ARROWHEAD GROVE PHASE 4 LP, a
California limited partnership

By: _____
Name:
Title:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, 2025, before me, _____,
Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

The land is situated in the State of California, San Bernardino County, City of San Bernardino and is described as follows:

PARCEL 1:

PARCEL D OF TRACT NO. 18829, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 361, PAGES 66 THROUGH 74, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 0147-302-01

PARCEL 2:

EASEMENTS AS CONTAINED IN DOCUMENT ENTITLED "AMENDED AND RESTATED DECLARATION PROVIDING FOR RECIPROCAL EASEMENTS" DATED AS OF SEPTEMBER 30, 2019, EXECUTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, WATERMAN GARDENS PARTNERS 1, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND WATERMAN GARDENS PARTNERS 2, L.P., A CALIFORNIA LIMITED PARTNERSHIP, RECORDED OCTOBER 01, 2019 AS INSTRUMENT NO. 2019-0352083 OF OFFICIAL RECORDS.

EXHIBIT B

FORM PERMANENT LENDER SUBORDINATION AGREEMENT

RECORDING REQUESTED BY
ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

WHEN RECORDED RETURN TO:
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105
Attention: Antonio Cervantes

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and between

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

and

**ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership**

Dated as of September 1, 2025

Relating to

**\$33,060,500
California Statewide Communities Development Authority
Multifamily Housing Revenue Note
(Arrowhead Grove Phase IV)
2025 Series J**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “**Regulatory Agreement**”) is made and entered into as of September 1, 2025, by and between the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “**Governmental Lender**”), and ARROWHEAD GROVE PHASE 4 LP, a California limited partnership, duly organized, validly existing and in good standing under the laws of the State of California (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “**Owner**”), [and acknowledged by the Ground Lessor (as defined herein)].

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the “**Act**”) and in compliance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “**Housing Law**”), the Governmental Lender proposes to execute and deliver its California Statewide Communities Development Authority Multifamily Housing Revenue Note (Arrowhead Grove Phase IV) 2025 Series J (the “**Note**”) pursuant to a Funding Loan Agreement, dated as of September 1, 2025 (the “**Funding Loan Agreement**”), between the Governmental Lender and Capital One, National Association, as funding lender (the “**Initial Funding Lender**”);

WHEREAS, the proceeds of the Note will be used to fund a loan (the “**Loan**”) to the Owner pursuant to that certain Borrower Loan Agreement, dated as of September 1, 2025, between the Governmental Lender and the Owner (as supplemented and amended from time to time, the “**Borrower Loan Agreement**”), to provide, in part, financing for the acquisition and construction of a 92-unit (including one manager’s unit) multifamily rental housing development generally referred to as [Arrowhead Grove Phase IV], located on the real property site described in Exhibit A hereto subject to a Ground Lease (as further described herein, the “**Project**”);

WHEREAS, to assure the Governmental Lender and the holders of the Note that interest in respect of the Note will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”), and to satisfy the public purposes for which the Note is authorized to be executed and delivered under the Act and the Housing Law, and to satisfy the purposes of the Governmental Lender in determining to execute and deliver the Note, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the execution and delivery of the Note by the Governmental Lender and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Governmental Lender and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1 or in the Funding Loan Agreement.

“**Administrator**” means the Governmental Lender or any administrator or program monitor appointed by the Governmental Lender to administer this Regulatory Agreement, and any successor administrator appointed by the Governmental Lender.

“**Area**” means the Metropolitan Statistical Area or County, as applicable, in which the Project is located, as defined by the United States Department of Housing and Urban Development.

“**Available Units**” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the delivery date of the Note is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“**CDLAC**” means the California Debt Limit Allocation Committee or its successors.

“**CDLAC Conditions**” has the meaning given such term in Section 29(a).

“**CDLAC Resolution**” means CDLAC Resolution No. 24-265 attached hereto as EXHIBIT D, adopted on December 11, 2024, and relating to the Project, as amended by the letter dated July 11, 2025, and by the letter dated [____], 2025, and as such resolution may be further modified or amended from time to time.

“**Certificate of Continuing Program Compliance**” means the Certificate to be filed by the Owner with the Administrator, on behalf of the Governmental Lender, pursuant to Section 4(f) hereof, which shall be substantially in the form attached as EXHIBIT C hereto or in such other comparable form as may be provided by the Governmental Lender to the Owner, or as otherwise approved by the Governmental Lender.

“**City**” means the City of San Bernardino, California.

“**Closing Date**” means the date the Note is executed and delivered, expected to be on or about [Closing Date].

“**Compliance Period**” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 29(c) of this Regulatory Agreement.

“**County**” means the County of San Bernardino, California.

“Deed of Trust” means the “Security Instrument” as such term is defined in the Funding Loan Agreement, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first priority lien on the fee interest in the Project delivered by the Owner to secure the Owner’s obligations to a third-party lender.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in Section 8 of the United States Housing Act of 1937.

“Ground Lease” means that certain Ground Lease, dated on or about the Closing Date between Ground Lessor, as lessor, and the Owner, as lessee, pursuant to which the Owner holds a leasehold estate in the real property site described in Exhibit A hereto.

“Ground Lessor” means the [GROUND LESSOR], as owner of the fee estate in the real property site described in Exhibit A hereto.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Housing Law” means Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“Income Certification” means a Tenant Income Certification and a Tenant Income Certification Questionnaire in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Governmental Lender to the Owner, or as otherwise approved by the Governmental Lender.

“Investor Limited Partner” means [_____], and any permitted successors.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income hereunder shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit's status as a Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means a property manager meeting the requirements of Section 28 hereof. National Community Renaissance of California is hereby approved as the initial Manager.

“Project” means the 92-unit (including one manager’s unit) multifamily rental housing development to be constructed and developed in the City of San Bernardino, California, on the real property site described in EXHIBIT A hereto, subject to the Ground Lease, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated

thereon, as it may at any time exist, the acquisition, construction and development of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Note or the proceeds of any payment by the Owner pursuant to the Borrower Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities described in the Borrower Loan Agreement.

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the units in the Project are first occupied and ending on the later of the following:

- (A) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;
- (B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding; or
- (C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Owner as a condition of occupancy of the unit.

“Tax Certificate” means the Tax Certificate and Agreement dated the Closing Date, executed and delivered by the Governmental Lender and the Owner, as amended or supplemented from time to time.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Transfer” means the conveyance, assignment, sale or other disposition of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Owner agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Owner leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate

and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. [Representations, Covenants and Warranties of the Owner.](#)

(a) The Owner hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Owner contained in the Tax Certificate and the Borrower Loan Agreement relating to the Project.

(b) The Owner hereby represents and warrants that the Project is located entirely within the City.

(c) The Owner acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Note to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to execute and deliver the Note in order to provide funds to assist the Owner in financing the acquisition, construction and development of the Project.

Section 3. [Qualified Residential Rental Project.](#) The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Compliance Period. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed and developed for the purpose of providing multifamily residential rental property. The Owner will own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act and the Housing Law, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project (except for not more than one unit set aside for a resident manager or other administrative use) will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be used on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time during the Compliance Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Owner may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City).

(e) All of the residential units in the Project that are available for occupancy (except for not more than one unit set aside for a resident manager or other administrative use) will be available for rental during the period beginning on the date hereof and ending on the termination of the Compliance Period on a continuous, "first-come, first-served" basis to members of the general public; and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except as permitted by applicable law, including Section 1.103-8(a)(2) of the Regulations and Revenue Procedure 2019-17, and except to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that if the Project contains five or more dwelling units, this provision shall not be construed to prohibit occupancy of not more than one dwelling unit by a resident manager or maintenance personnel any of whom may be the Owner.

(h) The Owner shall deliver to the Administrator and the Funding Lender, (i) within thirty (30) days after the date on which 10% of the dwelling units in the Project are occupied, a written notice specifying such date, and (ii) within thirty (30) days after the date on which 50% of the dwelling units in the Project are occupied, a written notice specifying such date.

Section 4. [Low Income Tenants; Reporting Requirements](#). Pursuant to the requirements of the Code, the Owner hereby represents, warrants and covenants as follows:

(a) During the Compliance Period, no less than 40% of the total number of Available Units in the Project shall at all times be Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit is treated as a Low Income Unit until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant increases to exceed the qualifying limit for a Low Income Unit. However, should the aggregate Gross Income of tenants in a Low Income Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s). The unit occupied by such tenants whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit for purposes of the 40% requirement of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants.

(c) For the Compliance Period, the Owner will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the unit and a second Income Certification dated one year after the Low-Income Tenant's initial move-in date, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant. In lieu of obtaining the annual Income Certifications required by clause (ii) of the preceding sentence, the Owner may, with respect to any particular twelve-month period ending June 1, deliver to the Administrator no later than fifteen days after such date a certification that as of June 1, no residential unit in the Project was occupied within the preceding twelve months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Owner in writing that it will no longer accept certifications of the Owner made pursuant to the preceding sentence and that the Owner will thereafter be required to obtain annual Income Certifications for tenants. The Owner will also provide such additional information as may be required in the future by the Code, the State or the Governmental Lender, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Note. Upon request of the Administrator or the Governmental Lender, copies of Income Certifications for Low Income Tenants commencing or continuing occupancy of a Low Income Unit shall be submitted to the Administrator or the Governmental Lender, as requested.

(d) The Owner shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or

the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Governmental Lender.

(e) The Owner will maintain complete and accurate records pertaining to the Low Income Units, and will permit any duly authorized representative of the Governmental Lender, the Administrator, the Funding Lender, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Owner will prepare and submit to the Administrator, on behalf of the Governmental Lender, not less than annually, commencing not less than one year after the Closing Date, a Certificate of Continuing Program Compliance executed by the Owner in substantially the form attached hereto as EXHIBIT C. During the Compliance Period, the Owner shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(g) For the Compliance Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made by such tenant in the Income Certification; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Governmental Lender, the Funding Lender or the Administrator, on behalf of the Governmental Lender, and that the failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the statements made by such tenant in the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of a Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit and such unit's rent may be subject to increase.

For purposes of this Section 4, no unit occupied by a resident manager shall be treated as a rental unit during the time of such occupation.

Section 5. [Tax-Exempt Status of Note](#). The Owner and the Governmental Lender, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Owner and the Governmental Lender will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Note and, if either of them should take or

permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Owner and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Governmental Lender (with a copy to the Funding Lender and the Owner), in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. [Requirements of the Housing Law.](#) In addition to the other requirements set forth herein, the Owner hereby agrees that it shall comply with each of the requirements of Section 52080 of the Housing Law, including the following:

(a) Not less than 40% of the total number of units in the Project shall be Low Income Units. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The Rental Payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed thirty percent (30%) of an amount equal to sixty percent (60%) of the median adjusted gross income for the Area.

(c) The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Owner shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by Section 4(a) shall remain available on a priority basis for occupancy at all times on and after the Closing Date and continuing through the Compliance Period.

(e) During the three (3) years prior to the expiration of the Compliance Period, the Owner shall continue to make available to eligible households Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Compliance Period, except in the event of foreclosure and prepayment of the Note, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection (a) of this Section shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Housing Law), (3) 30 years after the date of the commencement of the

Compliance Period, or (4) the Owner pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(g) Except as set forth in Section 13 hereof, the covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(h) This Regulatory Agreement shall be recorded in the office of the County recorder, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and under the name of the Governmental Lender as grantee.

Section 7. Requirements of the Governmental Lender. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of the Governmental Lender set forth in this Section 7, as follows:

(a) For the duration of the Compliance Period, notwithstanding any retirement of the Note or termination of the Borrower Loan Agreement, the Owner will pay to the Governmental Lender all of the amounts required to be paid by the Owner under the Borrower Loan Agreement and will indemnify the Governmental Lender as provided in Section 9 of this Regulatory Agreement.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Governmental Lender, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Governmental Lender, or the Administrator upon reasonable advance notice to the Owner.

(c) The Owner acknowledges that the Governmental Lender has appointed the Administrator to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. The Owner shall comply with any reasonable request made by the Administrator or the Governmental Lender to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender. The fees and expenses of the Administrator shall be paid by the Governmental Lender.

(d) For purposes of Section 6(b), the base rents shall be adjusted for household size, to the extent permitted by law.

Any of the foregoing requirements of the Governmental Lender contained in this Section 7 may be expressly waived by the Governmental Lender, in its sole discretion, in writing, but (i) no waiver by the Governmental Lender of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Bond Counsel (with a copy provided to the Funding Lender) that any such provision is not required by the Act and the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the

Note for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Governmental Lender and the Owner receive a written opinion of Bond Counsel (with a copy provided to the Funding Lender) to the effect that compliance with any such requirement would cause interest on the Note to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act, the Housing Law or any other state or federal law.

Section 8. [Modification of Covenants](#). The Owner and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the Housing Law, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Governmental Lender (with a copy to the Funding Lender and the Owner), retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the Tax-Exempt status of interest on, the Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Housing Law, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Governmental Lender and the Owner (with a copy to the Funding Lender), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, at its sole discretion, and the Owner (with the consent of the Funding Lender), and only upon receipt by the Governmental Lender of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Note or violate the requirements of the Housing Law, and otherwise in accordance with Section 22 hereof.

(c) The Owner and the Governmental Lender shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Owner and the Governmental Lender hereby appoints, pursuant to the Funding Loan Agreement, the Funding Lender as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Owner or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Governmental Lender or the Owner, the Funding Lender shall take no action under this subsection without first notifying the Owner, the Investor Limited Partner and the Governmental Lender, and without first providing the Owner or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Funding Lender to execute an amendment to this Regulatory Agreement on behalf of the Governmental Lender or the Owner.

Section 9. [Indemnification; Other Payments](#). To the fullest extent permitted by law, the Owner agrees to indemnify, hold harmless and defend the Governmental Lender and each

of its officers, governing members, directors, officials, employees, attorneys, agents, and program participants (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) the Note, the Funding Loan Agreement, the Borrower Loan Agreement, this Regulatory Agreement or the Tax Certificate and all documents related thereto, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the delivery, sale or resale of the Note;

- (ii) any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or development of, the Project or any part thereof;

- (iii) any lien or charge upon payments by the Owner to the Governmental Lender or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project;

- (iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

- (v) the defeasance and/or prepayment, in whole or in part, of the Note;

- (vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure document for the Note or any of the documents relating to the Note, or any omission or alleged omission from any offering statement or disclosure document for the Note of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

- (vii) any declaration of taxability of interest on the Note, or allegations (or regulatory inquiry) that interest on the Note is taxable, for federal tax purposes;

except to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same; provided that the Indemnified Party

shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Owner if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

In addition thereto, the Owner will pay upon demand all of the reasonable fees and expenses paid or incurred by the Governmental Lender and the Funding Lender in enforcing the provisions hereof, as more fully set forth in the Borrower Loan Agreement.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses hereunder shall survive the final payment or defeasance of the Note. The provisions of this Section shall survive the term of the Note and this Regulatory Agreement but only as to claims arising from events occurring during the term of this Regulatory Agreement.

Section 10. [Consideration](#). The Governmental Lender has agreed to execute and deliver the Note to provide funds to lend to the Owner to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, develop and operate the Project. In consideration of the execution and delivery of the Note by the Governmental Lender, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. [Reliance](#). The Governmental Lender and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator, interested in the legality and validity of the Note, in the exemption from California personal income taxation of interest on the Note and in the Tax-Exempt status of the interest on the Note. In performing their duties and obligations hereunder, the Governmental Lender, the Administrator and the Funding Lender may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Governmental Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Administrator hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Owner exists under this Regulatory Agreement, the Funding Lender shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely solely on any written notice or certificate delivered to the Funding Lender by the Owner or the Governmental Lender with respect to the occurrence or absence of a default.

Section 12. [Sale or Transfer of the Project](#). For the Compliance Period, the Owner shall not Transfer the Project, in whole or in part, without the prior written consent of the Governmental Lender, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Governmental Lender of evidence acceptable to the Governmental Lender that (1) the Owner shall not be in default hereunder or under the Borrower Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Owner

to the reasonable satisfaction of the Governmental Lender; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the transferee or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Owner or its management company will continue to manage the Project, or another management company reasonably acceptable to the Governmental Lender will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Owner or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Governmental Lender with respect to the assumption of the Owner's obligations under this Regulatory Agreement or under the Borrower Loan Agreement, if in effect, including without limitation an instrument of assumption hereof and thereof, and delivery to the Governmental Lender of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Governmental Lender of an opinion of Bond Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the Note; and (D) receipt by the Governmental Lender of all fees and/or expenses then currently due and payable to the Governmental Lender by the Owner; and (E) receipt by the Governmental Lender of evidence of satisfaction of compliance with the provisions of Section 29(d)(i) related to notice to CDLAC of transfer of the Project.

It is hereby expressly stipulated and agreed that any Transfer of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. The written consent of the Governmental Lender to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this Section 12. Nothing in this Section shall affect any provision of any other document or instrument between the Owner and any other party that requires the Owner to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Governmental Lender or compliance with the provisions of this Section 12. Notwithstanding the foregoing, the provisions of this Section 12 shall not apply to the transfer of limited partnership interests in the Owner to affiliates of the Investor Limited Partner or the General Partner, including, without limitation, the transfer of partnership interests in the Owner to and from the Investor Limited Partner and non-managing

ownership interests in the limited partner of Owner, or the execution and delivery of a purchase option agreement or right of first refusal agreement with respect to the Project by and between the Owner and Owner's general partner or an affiliate thereof, provided that the exercise of such option shall be subject to the terms hereof.

For the Compliance Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) permitted encumbrances under the Deed of Trust, or (B) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Governmental Lender of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Note (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of Multifamily Housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Borrower Loan Agreement or the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Compliance Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note and discharge of the Funding Loan Agreement and the Borrower Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Governmental Lender from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Note is retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Governmental Lender and the Owner, upon receipt by the Governmental Lender of an opinion of Bond Counsel (with a copy to the Funding Lender) to the effect that such termination will not

adversely affect the exclusion from gross income of interest on the Note for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. [Covenants to Run With the Land](#). Notwithstanding Section 1461 of the California Civil Code, the Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. [Burden and Benefit](#). The Governmental Lender and the Owner hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Governmental Lender and the Owner hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Note was executed and delivered.

Section 16. [Uniformity; Common Plan](#). The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. [Default; Enforcement](#). If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Governmental Lender or the Administrator, on behalf of the Governmental Lender, to the Owner (with a copy to the Funding Lender), or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Governmental Lender shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Note. The Governmental Lender shall have the right to enforce the obligations of the Owner under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to ensure compliance with the Housing Law or the Code.

Following the declaration of an Event of Default hereunder, the Governmental Lender, subject to the terms of the Funding Loan Agreement, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Governmental Lender hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder; and

(iv) with the consent of the Funding Lender, which consent shall not be unreasonably withheld, declare a default under the Borrower Loan Agreement, as applicable, after which the Funding Lender may proceed with any remedies provided therein.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Governmental Lender may fully obtain the benefits of this Regulatory Agreement made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

The Governmental Lender hereby agrees that cure of any Event of Default made or tendered by any partner of the Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

Section 18. [Reserved.]

Section 19. [Recording and Filing](#). (a) The Owner shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County and in such other places as the Governmental Lender may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

(b) The Owner and the Governmental Lender will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and, except in the case of a foreclosure or comparable involuntary conversion of the Deed of Trust, whereby the Funding Lender becomes the owner of the Project, to obtain the

agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. [Payment of Fees](#). Notwithstanding any prepayment of the Loan and discharge of the Funding Loan Agreement, the Owner shall continue to pay (or, to the extent allowed under the Code, shall prepay the present value at such time of) the fees of the Governmental Lender as provided in this Section 20, unless such prepayment is made in connection with a refunding of the Note.

The Owner agrees to pay to the Governmental Lender (i) an initial issuance fee pursuant to the Governmental Lender's established payment schedule, which shall be paid on or before the Closing Date, (ii) the Governmental Lender's annual administration fee (the "**Annual Administration Fee**"), which shall be calculated annually on the Closing Date and on each anniversary thereof (each a "**Calculation Date**") in an amount equal to the greater of \$5,000 or 0.05% of the aggregate principal amount of the Note outstanding as of such Calculation Date, and shall be payable commencing on the Closing Date and annually on each June 1 thereafter, and continuing throughout the Qualified Project Period, and (iii) within 30 days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Governmental Lender (not including salaries and wages of Governmental Lender employees) related to the Note, the Project and the financing thereof, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Note. For the avoidance of doubt, if the Note is a draw-down Note, the Annual Administration Fee will be based on the original maximum principal amount of the Note, which shall only be reduced by the amount of the Note that has been repaid.

Notwithstanding any provision herein to the contrary, it shall be the responsibility of the Owner to notify the Governmental Lender timely in writing (with confirmation from the trustee for the Note, if any, or the servicer of the Loan) of the aggregate principal amount of Note outstanding from time to time. The Owner and Governmental Lender hereby agree that the Governmental Lender shall on each Calculation Date calculate the Annual Administration Fee to be paid in advance for the next year solely based on the most recent information received from the Owner pursuant to this paragraph, or based on the original par amount of the Note if the Owner has never provided any such information, and that the Governmental Lender shall be under no obligation to attempt to obtain such information from the Owner on or prior to any such Calculation Date.

In the event that the Qualified Project Period terminates prior to the termination of the Compliance Period (other than by reason of the issuance of refunding bonds), and provided that the conditions of this Section are satisfied, the Owner shall thereafter and for the remainder of the Compliance Period pay to the Governmental Lender annually in advance an amount equal to the Governmental Lender's "Ongoing Compliance Monitoring Fee" as published and updated from time to time on the Governmental Lender's website. The full Annual Administration Fee shall continue to be payable unless and until the Governmental Lender has confirmed receipt of all amounts then due and payable in arrears by the Owner to the Governmental Lender in connection with the Note, at which point the Ongoing Compliance Monitoring Fee shall become effective.

If the Owner fails to make payment of the Ongoing Compliance Monitoring Fee for a period of two consecutive years or more, the Governmental Lender may, in its sole discretion, declare the total amount of the Ongoing Compliance Monitoring Fee through the end of the Compliance Period immediately due and payable, such amount to be discounted at a rate equal to the then current market rate for U.S. Treasury obligations of a maturity equal to the remaining term of the Compliance Period.

Section 21. [Governing Law; Venue](#). This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Regulatory Agreement shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Governmental Lender in writing) be filed and maintained in the Superior Court of California, County of Sacramento.

Section 22. [Amendments; Waivers](#). (a) Except as provided in Section 8(a) and 29(e) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County, and only upon (i) receipt by the Governmental Lender of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Note and is not contrary to the provisions of the Housing Law, and (ii) so long as the Note remains outstanding, the written consent of the Funding Lender (or its successors and assigns), who shall receive a copy of any such amendment.

(b) Anything to the contrary contained herein notwithstanding, the Governmental Lender and the Owner hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Note remains Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such proposed amendment to Bond Counsel and a request that Bond Counsel render to the Governmental Lender an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Note. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. [Notices](#). Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in the Funding Loan Agreement, or at such other addresses as may be specified in writing by the parties hereto. Unless otherwise specified by the Administrator, the address of the Administrator is:

Urban Futures Bond Administration
Attention: Raette Frazeur
17581 Irvine Blvd, Suite 116

Tustin, CA 92780

Unless otherwise specified by CDLAC, the address of CDLAC is:

California Debt Limit Allocation Committee
901 P Street, Room 213A
Sacramento, CA 95814
Attention: Executive Director

The Governmental Lender, the Administrator, CDLAC, the Funding Lender and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. A copy of each notice of default provided to the Owner hereunder shall also be provided to the Funding Lender (so long as the Note remains outstanding) at the address set forth in the Funding Loan Agreement.

A copy of each notice sent by or to the Owner shall also be sent to the Manager and Investor Limited Partner at the respective address of the Manager and the Investor Limited Partner provided by the Owner to the Administrator; but such copies shall not constitute notice to the Owner, nor shall any failure to send such copies constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Owner.

The Owner shall notify the Governmental Lender and the Administrator in writing of any change to the name of the Project or any change of name or address for the Owner or the Manager. The Owner shall further notify CDLAC in writing of any event provided in Section 29(d) hereof.

Section 24. [Severability](#). If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. [Multiple Counterparts](#). This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. [Limitation on Liability](#). Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Funding Lender or the Governmental Lender and their successors and assigns, is limited to the Owner's interest in the Project and the amounts held in the funds and accounts created under the Funding Loan Agreement, or any rights of the Owner under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from

time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Owner under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Owner's obligations under this Regulatory Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement, any rights of the Owner under the Funding Loan Agreement or any other documents relating to the Note or any rights of the Owner under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Funding Loan Agreement or any agreement securing the obligations of the Owner under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding, except to the extent otherwise provided in the Borrower Loan Agreement.

Section 27. [Third-Party Beneficiary](#). The City and CDLAC are intended to be and shall each be a third-party beneficiary of this Regulatory Agreement. The City shall have the right (but not the obligation) to enforce, separately or jointly with the Governmental Lender or to cause the Governmental Lender to enforce, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the holders of the Note.

Section 28. [Property Management](#). The Owner agrees that at all times the Project shall be managed by a property manager (i) approved by the Governmental Lender in its reasonable discretion and (ii) who has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "**Manager**"). The Owner shall submit to the Governmental Lender from time to time such information about the background, experience and financial condition of any existing or proposed Manager as the Governmental Lender may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. The Governmental Lender reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Owner agrees to cooperate with the Governmental Lender in such reviews.

Replacement of Manager. If the Governmental Lender determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the material requirements or standards of this Agreement, the Governmental Lender may deliver notice to the Owner and the Funding Lender requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Owner agrees that, upon receipt of such notice,

it shall within 60 days submit to the Governmental Lender, with copies to the Funding Lender, a proposal to engage a new Manager meeting the requirements of this Section 28. Each of the Governmental Lender and the Funding Lender shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, the Owner shall within 60 days terminate the existing Manager's engagement and engage the new Manager. If such proposal is denied by either the Governmental Lender or the Funding Lender, the Owner agrees that upon receipt of notice of such denial, it shall within 60 days submit to the Governmental Lender, with copies to the Funding Lender, a proposal to engage another new Manager meeting the requirements of this Section 28, subject to the Governmental Lender's and Lender's consent or deemed consent pursuant to the terms hereof.

Notwithstanding any other provision of this Section 28 to the contrary, the Funding Lender may at any time by written instruction to the Governmental Lender and the Owner deny the Governmental Lender's request for a replacement Manager and direct that the existing Manager be retained.

Section 29. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 29, as follows:

(a) The Owner shall comply with the CDLAC Resolution attached hereto as EXHIBIT D and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the "**CDLAC Conditions**"), which conditions are incorporated herein by reference and made a part hereof. The Owner will prepare and submit to the Governmental Lender, not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter until the end of the Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner. The Certificate of Compliance II for Qualified Residential Rental Projects shall be prepared pursuant to the terms of the CDLAC Conditions. Additionally, the Owner will prepare and submit to the Governmental Lender, a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner certifying among other things to the substantial completion of the Project. Following the submission of the Certificate of Completion, the Owner will prepare and submit to the Governmental Lender, not later than February 1 every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions are the responsibility of the Owner to report to the Governmental Lender.

(b) The Owner acknowledges that the Governmental Lender and the Administrator shall monitor the Owner's compliance with the terms of the CDLAC Conditions. The Owner acknowledges that the Governmental Lender will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter until the end of the Compliance Period, a Self-Certification Certificate in the form

provided by CDLAC. The Owner will cooperate fully with the Governmental Lender in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 13 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Owner shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the Governmental Lender, (iii) any change in the name of the Project or the Manager; (iv) any material default under the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Note, and the income and rental requirements as provided in Sections 4 and 6 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Owner after the Closing Date, at any time; that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Funding Lender, which shall not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Owner and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Owner or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Owner and approved by CDLAC. The Governmental Lender may, in its sole and absolute discretion, require the Owner enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County. The Owner shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of CDLAC contained in this Section 29 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 29 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Bond Counsel that any such provision is not required by the Act and the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the Note for federal income tax purposes; and (ii) any requirement of this Section 29 shall be void and of no force and effect if the Governmental Lender and the Owner receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Note to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act, the Housing Law or any other state or federal law.

Section 30. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2026), the Owner, on behalf of the Governmental Lender, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Governmental Lender, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Note is no longer outstanding or (ii) the proceeds of the Note have been fully spent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Governmental Lender and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Authorized Signatory

Name:

[Signatures continue on following page.]

[Signature Page to Regulatory Agreement – CSCDA Arrowhead Grove Phase IV]

OWNER:

**[BORROWER SIGNATURE BLOCK TO BE
CONFIRMED]**

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Michael Finn
Chief Financial Officer

[Signature page to Regulatory Agreement – CSCDA Arrowhead Grove Phase IV]

ACKNOWLEDGED:

GROUND LESSOR:

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

[to be inserted when available/final]

EXHIBIT B

FORM OF INCOME CERTIFICATION

TENANT INCOME CERTIFICATION ☐ Initial Certification ☐ Recertification ☐ Other	Effective Date: _____ Move-In Date: _____ (MM-DD-YYYY) _____

PART I - DEVELOPMENT DATA	
Property Name: _____ County: _____ TCAC# CA- _____ BIN #: _____ Address: _____ Unit Number: _____ # Bedrooms: _____ Square Footage: _____	

PART II. HOUSEHOLD COMPOSITION							
☐ Vacant (Check if unit was vacant on December 31 of the Effective Date Year)							
HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$
Add totals from (A) through (D), above			TOTAL INCOME (E):	\$

PART IV. INCOME FROM ASSETS				
HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS: \$				\$
Enter Column (H) Total \$ _____ Passbook Rate _____ = (J) Imputed Income If over \$5000 X 0.06%				\$

Enter the greater of the total of column I, or J: imputed income INCOME FROM ASSETS (K)	TOTAL	\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]	\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY			
TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1		Unit Meets Federal Income Restriction at: ☐ 60% ☐ 50% Unit Meets Deeper Targeting Income Restriction at: ☐ Other _____%	RECERTIFICATION ONLY: Current Federal LIHTC Income Limit x 140%: \$ _____ Household Income exceeds 140% at recertification: ☐ Yes ☐ No
Current Federal LIHTC Income Limit per Family Size: \$ _____			
Household Income as of Move- in: \$ _____		Household Size at Move-in: _____	

PART VI. RENT			
Tenant Paid Monthly Rent: \$ _____ Monthly Utility Allowance: \$ _____ Other Monthly Non-optional charges: \$ _____		Federal Rent Assistance: \$ _____ *Source: _____ Non-Federal Rent Assistance: \$ _____ (*0-8) Total Monthly Rent Assistance: \$ _____	
GROSS MONTHLY RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non- optional charges)		*Source of Federal Assistance 1 **HUD Multi-Family Project Based Rental Assistance (PBRA) 2 Section 8 Moderate Rehabilitation 3 Public Housing Operating Subsidy 4 HOME Rental Assistance 5 HUD Housing Choice Voucher (HCV), tenant-based 6 HUD Project-Based Voucher (PBV) 7 USDA Section 521 Rental Assistance Program 8 Other Federal Rental Assistance 0 Missing	
Maximum Federal LIHTC Rent Limit for this unit: \$ _____			
Unit Meets Federal Rent Restriction at: ☐ 60% ☐ 50%			
Unit Meets Deeper Targeting Rent Restriction at: ☐ Other _____%		** (PBRA) Includes: Section 8 New Construction/Substantial Rehabilitation; Section 8 Loan Management; Section 8 Property Disposition; Section 202 Project Rental Assistance Contracts (PRAC)	
PART VII. STUDENT STATUS			
ARE ALL OCCUPANTS FULL TIME STUDENTS? ☐ yes ☐ no	If yes, Enter student explanation* (also attach documentation)	*Student Explanation: 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent/Dependent	

	Enter 1-5	Child 4 Married/Joint Return 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e.
				☐ _____ (Name of Program)
See Part V above.	<i>Income Status</i> ☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ OI**	<i>Income Status</i> ☐ 50% AMGI ☐ 60% AMGI ☐ 80% AMGI ☐ OI**	<i>Income Status</i> ☐ 50% AMGI ☐ 80% AMGI ☐ OI**	<i>Income Status</i> ☐ _____ ☐ OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF
OWNER/REPRESENTATIVE

DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- 6 – Other
- 7 – Did not respond. **(Please initial below)**

Note: Multiple racial categories may be indicated as such: 31 — American Indian/Alaska Native & White, 41 — Asian & White, etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.

Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Did not respond. **(Please initial below)**

Disability Status:

1 – Yes

2 – If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of “physical or mental impairment” and other terms used, please see 24 CFR 100.201, available at <http://www.fairhousing.com/index.cfm?method=page.display&pageID=465>.

“Handicap” does not include current, illegal use of or addiction to a controlled substance.

An individual shall not be considered to have a handicap solely because that individual is a transvestite.

No

Did not respond **(Please initial below)**

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
(HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.
Move-In Date	Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
TCAC#	Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123
BIN #	Enter the building number assigned to the building (from IRS Form 8609).
Address	Enter the physical address of the building, including street number and name, city, state, and zip code.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
Square Footage	Enter the square footage for the entire unit.
Vacant Unit	Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

H	Head of Household	S	Spouse	U	Unborn Child/Anticipated
A	Adult Co-Tenant	O	Other Family Member		Adoption or Foster
C	Child	F	Foster child(ren)/adult(s)		
L	Live-in Caretaker	N	None of the above		

Date of Birth	Enter each household member's date of birth.
Student Status	Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.
Last Four Digits of Social Security Number	For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing, enter 0000. For tenants under age 15, social security number not required, although please enter 0000.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 0.06% and enter the amount in (J), Imputed Income.

Row (K) *Enter the greater of the total in Column (I) or (J)*

Row (L)	Total Annual Household Income From all Sources	Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V - Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current LIHTC Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size – specifically, the max income limit for the federal 50% or 60% set aside.
Household Income at Move-in	For recertifications only. Enter the household income from the move-in certification.
Household Size at Move-in	Enter the number of household members from the move-in certification.
Current Federal LIHTC Income Limit x 140%	For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.
Unit Meets Federal Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Income Restriction	If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Federal Rent Assistance	Enter the amount of rent assistance received from a federal program, if any.
Non-Federal Rent Assistance	Enter the amount of non-federal rent assistance received, if any.
Total Monthly Rent Assistance	Enter the amount of total rent assistance received, if any.

Source of Federal Rent Assistance	If federal rent assistance is received, indicate the single program source.
Monthly Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Monthly Non-Optional Charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Monthly Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount
Maximum LIHTC Rent Limit for this unit	Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size - specifically, the max rent limit for the federal 50% or 60% set aside.
Unit Meets Federal Rent Restriction at	Indicate the appropriate rent restriction that the unit meets according to what is <u>required</u> by the federal set-aside(s) for the project.
Unit Meets Deeper Targeting Rent Restriction at	If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check “yes”. Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check “no.”

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII - Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household’s designation.

AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile	Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

EXHIBIT C

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this ___ day of _____, 20___, the undersigned, having borrowed certain funds from the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “**Governmental Lender**”) for the purpose of financing a multifamily rental housing development (the “**Project**”), does hereby certify that:

A. During the preceding twelve months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Governmental Lender, (ii) ___% of the units in the Project were at all times Low Income Units (minimum of 40%).

B. Set forth below is certain information regarding occupancy of the Project as of the date hereof.

1. Total Units: _____
2. Total Units Occupied: _____
3. Total Units Held Vacant
and Available for Rent to Low Income Tenants _____
4. Total Low Income Units Occupied: _____
5. % of Low Income Units to Total Units _____%
(equals the Total of Lines 3 and 4, divided by the lesser of Line 1 or Line 2)

C. Set forth below are the names of Low Income Tenants who commenced or terminated occupancy during the preceding twelve months.

Commenced Occupancy

1.

2.

3.

Terminated Occupancy

1.

2.

3.

D. Set forth below is the unit number and name of the head of household of each unit that was a Low Income Unit as of the beginning of the previous twelve months, but has ceased to be a Low Income Unit because (a) the gross income of the tenants of such unit, as of the most recent determination thereof, exceeds one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant, adjusted for family size, or (b) all the individuals in such unit are currently students (as defined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code:

Unit Number

1.

2.

3.

Name (Head of Household)

1.

2.

3.

E. The Low Income Units are of similar size and quality to other units and are dispersed throughout the Project.

F. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Borrower Loan Agreement or the Deed of Trust.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

G. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____

Owner

EXHIBIT D
CDLAC RESOLUTION

(To be attached)

This document may not be changed without HUD's prior written approval and any approved changes must be placed in a rider to the document.

**MIXED-FINANCE AMENDMENT
TO THE CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT**

Section 1. This Mixed-Finance Amendment to the Consolidated Annual Contributions Contract ("Mixed-Finance ACC Amendment") is entered into between the United States Department of Housing and Urban Development (HUD) and The Housing Authority of the County of San Bernardino (the "Authority") and covers the public housing units and related appurtenances (the "Project" or the "Project Units" as further defined in Section 5(F)), which are part of a larger development known as Arrowhead Grove Phase IV the "Development," as further defined in Section 5(F)) . The Public Housing Project number assigned to this project in the HUD PIH Information Center (PIC) is CA019000181.

Section 2. This Mixed-Finance ACC Amendment is Amendment Number to the Consolidated Annual Contributions Contract (ACC) (Form HUD-53012A and Form HUD-53012B) Number on file, dated .

Section 3. The following sources of public housing funds (the "Public Housing Funds"), as defined in 24 CFR 905.108, are committed to development of the Project and/or the Project Units in accordance with this Mixed-Finance ACC Amendment:

SOURCE OF FUNDS PH FUNDS	GRANT NUMBER	AMOUNT
HOPE VI		\$0
Choice Neighborhoods		\$0
Moving to Work		\$10,500
Replacement Housing Factor (RHF)		\$0
Demolition & Disposition Transitional Funding (DDTF)		\$0
Capital Funds		\$0
Other		\$0
TOTAL		

Note: Include funds shown in both Part A and Part B of Exhibit F.

Section 4. The ACC is amended to provide grant assistance for the Project identified in Section 1 and/or to add the Project Units to the ACC. This Mixed-Finance ACC Amendment is part of the ACC and incorporates Exhibits A-H, which are attached hereto.

Effective Date March 1, 2016

Section 5. The following provisions are applicable to the Project:

(A) Number of Project Units to be developed: 92.

(B) The Project Units will be (check one): ; [undesignated units X] in the mixed-finance development.

(C) Housing Type (Project Units):

Type of Building	Number of Public Housing Units
Elevator	
Walk-Up	
Row House	
Detached or Semi Detached	92
TOTAL	92

(D) The Project Units are (check one): [eligible X]; [ineligible] to receive public housing Operating Fund assistance ("Operating Fund assistance") under section 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437, *et. seq.*) ("the Act"). If some or all of the Project Units are eligible to receive Operating Fund assistance, specify the number of eligible units (including the number of bedrooms per unit) that will be eligible to receive such assistance: 91 units; containing 186 bedrooms.

The Project Units shall be eligible to receive Capital Fund assistance in the future following placement in service. However, should Capital Funds be invested in the Project Units, the Project Units must be operated as public housing units, as defined in Section 3(b) of the United States Housing Act of 1937, for an additional period of 20 years from the date of the investment of the Capital Funds in the Project Units.

(E) The definitions set forth in 24 CFR part 905 are applicable to this Mixed-Finance ACC Amendment.

(F) As used in this Mixed-Finance ACC Amendment, the term "Development" shall refer to the entire housing development, containing 92 dwelling units, being developed using a mixed-finance strategy, and the term "Project," as used herein, shall refer only to the 92 units of the Development (containing 186 bedrooms) which shall be developed and continuously set aside, operated, and maintained as public housing units (the "Project Units"). Nothing contained herein shall be construed as requiring that any dwelling units included in the Development shall at any time be maintained and operated in accordance with the ACC, or constitute part of a "project" as defined in the ACC, other than the units constituting from time to time the Project Units.

Section 6 - Authority certifications and assurances.

(A) By executing this Mixed-Finance ACC Amendment, the Authority certifies to HUD and, as applicable, agrees that:

(1) it has executed with HUD a 1995 version of the ACC to facilitate the execution of this Mixed-Finance ACC Amendment;

(2) any Project Units to be newly constructed at the Development with Capital Funds under section 9(d) of the Act, or with Operating Funds under section 9(g)(2) of the Act (applicable to small Authorities, only), or other Public Housing Funds are eligible to receive formula funding in accordance with the requirements set forth in section 9(g)(3) of the Act;

(3) it will not use Public Housing Funds to pay for the development cost of the Project Units if such development would result in a net increase in the number of public housing units that the Authority owned, assisted, or operated on October 1, 1999, as provided in 24 CFR 905.602(b) or successor legislation;

(4) it has the legal authority under State and local law to develop public housing units through the establishment or selection of an owner entity (the "Owner Entity"), and to enter into all agreements and provide all assurances as required by HUD, the HUD-approved Development Proposal submitted by the Authority under 24 CFR part 905.606 ("the Proposal"), and this Mixed-Finance ACC Amendment. The Authority also warrants that it has the legal authority under State and local law to enter into any proposed partnership and to fulfill its obligations as a partner thereunder, and that it has obtained all necessary approvals for this purpose;

(5) the Project will be developed in accordance with the HUD-approved Proposal, including the same number of Project Units, the budget set forth in Exhibit F of this Mixed-Finance ACC Amendment, and the HUD-determined total development cost (TDC) and housing construction cost (HCC) limits for the Project;

(6) it will ensure that the requirements for development of, admission to, continued occupancy of, management, and modernization of the Project Units are in accordance with all requirements applicable to public housing, including the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, this Mixed-Finance ACC Amendment, the HUD-approved Proposal, other requirements specific to public housing programs, such as HOPE VI and Choice Neighborhoods, if applicable, the Authority's standard public housing admissions and occupancy policies adopted in accordance with Federal law and described in the Authority's approved Public Housing Agency Annual Plan, or any approved amendment to the Plan (the "Plan") or any contrary provisions in the MTW Agreement; *provided, however*, that the Authority may adopt modifications of its standard public housing admissions and occupancy policies for purposes of its mixed-finance projects generally, or specifically for the Project, to the extent these modifications conform with the requirements of Federal law, including but not limited to 24 CFR parts 903, 905, 960, and 966 (and expressly including tenants' advance notice and comment rights afforded by 24 CFR § 966.3 and § 966.52 relating to modifications of standard public housing lease and grievance procedures, respectively), and such modified admissions and occupancy policies are described in the Plan and made applicable to the Project prior to occupancy, and all other pertinent Federal statutory, executive order, and regulatory requirements, as those requirements may be amended from time to time. The requirements set forth in this paragraph are hereafter to be collectively referred to as the "Applicable Public Housing Requirements";

(7) it will ensure that the Project is developed in accordance with all requirements applicable to the development of public housing, including, without limitation, the Act, the ACC (except that any requirement set forth in the ACC shall be superseded by a modified requirement set forth in this Mixed-Finance ACC Amendment), the Mixed-Finance ACC

Amendment, the Proposal, the HUD-approved declaration of restrictive covenants to be recorded against the Development (the "Declaration"), the requirements of other public housing programs, such as HOPE VI or Choice Neighborhoods, if applicable, and all other pertinent Federal statutory, executive order, and regulatory requirements, as those requirements may be amended from time to time;

(8) there is no action, proceeding, or investigation now pending, nor any basis therefore, known or believed to exist by the Authority, which: (i) questions the validity of this Mixed-Finance ACC Amendment, or any action taken, or to be taken, under it, or; (ii) is likely to result in any materially adverse change in the authorities, properties, liabilities, or condition (financial or otherwise) of the Authority or the Proposal, or of any participating party, that would materially or substantially impair the Authority's or such participating party's ability to perform any of the obligations imposed upon it under the Proposal and this Mixed-Finance ACC Amendment;

(9) it has obtained all Federal, State, and local government approvals, permits and reviews required by law, or reasonably required by HUD, to be obtained by the Authority for commencement of the activities set forth in the Proposal, and all participating parties have obtained all such approvals, permits and reviews required to be obtained by the participating parties for commencement of such activities;

(10) if the Authority will pay for more than its pro rata share of the cost of common area improvements related to the Development, it further agrees that the common area improvements will benefit all residents of the Development;

(11) to the extent the Authority's Proposal provides that public housing units within a Development will not be specifically designated as public housing units, but will be a fixed percentage of the housing units and number of bedrooms developed under the Proposal, the Authority agrees to certify that the percentage of public housing units, and the percentage of bedrooms, to be developed under the Proposal will be maintained by the Owner Entity for the term of the low income use restrictions;

(12) it will immediately notify HUD of (i) any material change in any representations, statements, certifications or other matters contained in the Authority's Proposal, this Mixed-Finance ACC Amendment, and (ii) any default of which it has notice under any agreement submitted to HUD as part of the evidentiary materials hereunder;

(13) it will ensure that the portion of reserves to be replenished with Operating Fund assistance provided under section 9(e) of the Act (the "Project Reserves") shall remain dedicated for use in operating and maintaining the Project Units, or shall be returned to the Authority for use in connection with its other public housing projects;

(14) it will ensure that the Applicable Public Housing Requirements are binding upon the Owner Entity and any partner of the Authority and, to the extent determined necessary by HUD, upon any other participating party. In addition, in the event of any noncompliance with the requirements of the Applicable Public Housing Requirements, the Authority agrees to take all necessary enforcement action to ensure such compliance or, alternatively to pursue any legal or equitable remedies that HUD deems appropriate;

(15) the representations, statements, certifications and other matters contained in the

Proposal were, to the best of the Authority's information and belief, true and complete in all material respects as of the date of submission of the Proposal to HUD (including the dates of any separate submissions for a specific Authority), and upon the execution of this Mixed-Finance ACC Amendment and will continue to be true and complete in all material respects as of the date of any amendment to this Mixed-Finance ACC Amendment, except as modified by such amendment (and any corollary modification to the Proposal that the Authority deems necessary);

(16) this Mixed-Finance ACC Amendment has been executed and delivered by the Authority in such a manner and form as to comply with all applicable laws so as to make this Mixed-Finance ACC Amendment the valid and legally binding act and agreement of the Authority;

(17) it will use, or ensure the use of, Program Income during the grant period, in accordance with 2 CFR § Subpart D, only for eligible program costs or other affordable housing purposes as outlined in that certain HUD-approved Program Income Certification, attached hereto as Exhibit H, and incorporated herein by this reference. The Authority agrees that after the end of the award period, any gross income received by the Authority or a sub grantee that was directly generated by a grant-supported activity (or earned only as the result of funding provided under Section 3 of this Mixed-Finance ACC Amendment), including, without limitation, principal and interest on loans made with grant funds, will be utilized solely for eligible program costs or other affordable housing purposes. This covenant will survive any termination of the grant and, at HUD's direction, may be incorporated into any documentation related to the closeout of the grant;

(18) it will take all steps necessary to ensure that, in the event of a foreclosure or other adverse action brought against the Owner Entity with respect to the Development (including, but not limited to the Project Units), the operation of the Project Units will not be adversely affected;

(19) The certifications are made to the best of the certifier's knowledge, information and belief. The certifier acknowledges that the certifications are subject to HUD's authority to prosecute false claims and the sanctions of 24 CFR 905.804;

(20) The Authority shall ensure that the development of the Project Units will be in compliance with labor standards applicable to the development of public housing including, but not limited to, wage rates determined under the Davis-Bacon Act (40 U.S.C. 3141 *et seq.*). If the proposed development will include Project Units that are not specifically designated units, the Authority shall ensure that such labor requirements are met with respect to the development of all units that may, at any time, be used as Project Units. Wherever HUD financial assistance is expended for housing or community development, economic opportunities will be made available to the greatest extent feasible, to low-and very low-income persons and businesses pursuant to section 3 of the Housing and Urban Development Act of 1968. The requirements of Section 3 apply to projects or activities that are funded with covered HUD financial assistance in their entirety, regardless of whether the project or activity is fully or partially funded with covered assistance. "Section 3 covered assistance" is defined at 24 CFR 135.5, and includes PIH operating and capital funds, modernization funding, HOPE VI and other assistance listed in that definition;

(21) The Authority has ensured and will continue to ensure the irrevocability, amount, source and availability of financing committed to the Development by the participating party or

parties. Irrevocability of funds means that binding legal documents, such as loan agreements, mortgages/deeds of trust, partnership agreements, operating agreements, or similar documents committing funds have been executed by the applicable parties, though disbursement of such funds may be subject to meeting progress milestones, avoiding default, and meeting other commercially reasonable conditions precedent under such documents. For developments involving revolving loan funds, the irrevocability of funds means that funds in an amount identified to HUD as the maximum revolving loan have been committed pursuant to legally binding documents, though disbursement of such funds may be subject to meeting progress milestones, the absence of default, and meeting other commercially reasonable conditions precedent under such documents. The Authority has ensured the amount, source and availability of funds by the participating parties by reviewing the legal documents described above, confirming the terms of the documents and confirming that such documents are duly executed by the participating parties;

(22) The Authority shall take all steps necessary to ensure compliance with the applicable civil rights laws as stated in 24 CFR 5.105(a), including: nondiscrimination; affirmatively furthering fair housing; and accessibility requirements for persons with disabilities; and,

(23) HUD's Declaration of Restrictive Covenants is recorded properly under local law and procedures and that it encumbers the property in the order approved by HUD. The terms of the restriction must be in compliance with 42 U.S.C. 1437g(d)(3), as those requirements may be amended from time to time.

(B) The Authority warrants that it will include, or cause to be included:

(1) in all its agreements or contracts with the partner, the Owner Entity, and/or other participating parties receiving Public Housing Funds under section 9(d) of the Act, or other appropriations act or section of the Act, and/or Operating Funds under section 9(e) of the Act, an acknowledgement that a transfer of the Public Housing Funds and/or Operating Funds by the Authority to the partner, the Owner Entity, or other participating party will not be (and shall not be deemed to be) an assignment of Public Housing Funds and/or Operating Funds, and the partner, Owner Entity, or other participating party will not succeed to any rights or benefits of the Authority under the ACC or this Mixed-Finance ACC Amendment, or any other grant documents, such as the HOPE VI or Choice Neighborhoods Grant Agreements, if applicable, or attain any privileges, authorities, interests, or rights in or under the ACC or this Mixed-Finance ACC Amendment, or any other grant documents, such as the HOPE VI or Choice Neighborhoods Grant Agreements, if applicable; and,

(2) in all its agreements or contracts with the partner, the Owner Entity, or other participating parties, and in all contracts with any party involving the use of Public Housing Funds and/or Operating Funds, a provision that nothing contained in the ACC or this Mixed-Finance ACC Amendment, or any other agreement, such as the HOPE VI or Choice Neighborhoods Grant Agreements, if applicable, nor in any agreement or contract between the parties, nor any act of HUD, the Authority, or any of the parties, will be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD; provided, however, that the mortgagee under the first mortgage or deed to secure debt and note secured thereby, as said documents are more specifically identified in Exhibit E hereto (respectively, referred to herein as the "First Mortgage" and "Note") shall be entitled to rely upon Section 12(C) and (D) of

this Mixed-Finance ACC Amendment.

(C) The Authority hereby acknowledges that HUD has approved the Proposal in reliance upon the Authority's representations that the Authority, the partner(s), the Owner Entity(ies), and other participating parties will, and the Authority hereby further agrees that it will, or will cause the participating parties to:

(1) carry out the activities ascribed to them in accordance with the Proposal and the approved evidentiary documents (as set forth in Exhibit E hereto) and the requirements of this Mixed-Finance ACC Amendment;

(2) complete those activities in accordance with the schedule set forth in Exhibit D, including the development of the Project Units;

(3) have (or will have when necessary to implement their activities in accordance with the Proposal), the financial capacity to assure carrying out the activities to their completion;

(4) invest, or cause to be invested, in the activities described in the Proposal all funds identified in Exhibit F hereto.

(D) HUD has also relied upon the Authority's, the Owner Entity's, and the partner(s)'s representations that they and all other participating parties, prior to the use of the Public Housing Funds for the Project (except for predevelopment funding approved by HUD), will enter into legally binding agreements, as identified in Exhibit E to this Mixed-Finance ACC Amendment, to provide funding for completion of the Development in compliance with the requirements of this Mixed-Finance ACC Amendment.

Section 7 – Evidentiary Materials.

(A) Identification of Evidentiary Materials. Exhibit E to this Mixed-Finance ACC Amendment shall include a list of all evidentiary materials applicable to the Development.

(B) Submission of Evidentiary Materials. The Authority shall submit to HUD for review and approval the following evidentiary materials. Such evidentiary materials must be submitted in the form of legally binding and enforceable commitments of the participating parties to undertake and complete the specified activities connected with the Proposal:

(1) This mixed-finance amendment to the ACC executed by the Authority and HUD, along with any required exhibits, as applicable;

(2) HUD's Declaration of Restrictive Covenants, to be properly recorded in the appropriate land records, in the form and order of priority approved by HUD. The restriction must assure that the public housing units will be available for use by eligible low-income families in accordance with all Applicable Public Housing Requirements for the period required by law:

(3) A Regulatory and Operating Agreement between the Authority and the owner entity that provides binding assurances that the public housing units will be operated in accordance with all Applicable Public Housing Requirements. This Agreement should also describe the methodology for providing operating subsidy to the public housing units in the Development, the Development's reserve structure, and other provisions as required by HUD;

(4) A copy of the lease and memorandum of lease between the Authority and the owner entity encompassing all land included in the Development;

(5) An ALTA survey of the Development;

(6) A title policy reflecting the following:

(i) Evidence of fee simple or leasehold title to the real property which must be in the form of an original ALTA (or other form acceptable to HUD) policy of owner's or mortgagee's title insurance, which must identify the real property and the ownership interests of the Authority, Owner Entity, and other participating parties (as appropriate) as the owners or lessees of record of such property;

(ii) The title policy must also reflect any instruments securing any private or public financing, including any loan of Public Housing Funds that have been recorded against the title, and also reflect that the Declaration of Restrictive Covenants, as required by Section 10 of this Mixed-Finance ACC Amendment, is the first encumbrance recorded against the Development, or is recorded in the order approved by HUD, to ensure that the Project Units are operated in accordance with the Applicable Public Housing Requirements for the period required by law and this Mixed-Finance ACC Amendment;

(7) A legal opinion prepared by counsel to the Authority and counsel to the Owner, as follows:

(i) Counsel must opine to the following for each document submitted as an evidentiary material under Section 7(B) to this Mixed-Finance ACC Amendment:

(a) An examination of the authority of all parties to the documents and all persons executing the documents on behalf of the parties has been made and that the parties and said persons were authorized to enter into and execute the documents; and

(b) Each document constitutes a valid and legally enforceable agreement or contract under the laws of the Authority's State and the commitments and/or agreements evidenced thereby can be carried out in accordance with their terms under State and local law, and conform to the provisions of the Proposal approved by HUD and the requirements of this Mixed-Finance ACC Amendment, and that there is nothing in such document that conflicts with, or is inconsistent with, the Proposal and this Mixed-Finance ACC Amendment.

(ii) Minimally, separate written opinions of the Authority's counsel and the Owner Entity's counsel are required.

(iii) Counsel may rely upon the certification of other persons, or the written statements or opinions of other counsel, provided that a copy of each such certification, statement, or opinion must be attached to the opinion of that counsel.

(iv) If counsel predicates an opinion upon "information and belief," then in all such cases the counsel's opinion must contain, or have attached thereto, a statement or description of all of the information upon which the belief of counsel is predicated.

(8) A revised and updated Proposal consistent with this Mixed-Finance Amendment to the ACC;

(9) A management agreement, management plan and form of tenant lease for the public housing units, if the units will be managed by an entity other than the Authority;

(10) Mixed-Finance Certifications and Assurances (HUD form 50161); and,

(11) The Authority shall provide such additional documents and certifications as may be required by HUD.

(C) Form of Submission of Evidentiary Materials. All final evidentiary materials submitted to HUD must be in the form of either duplicate originals of the fully executed documents or photographic copies of the fully executed originals of the documents and must be submitted in one complete binder(s) with an index and tabbed dividers or submitted on a CD or other electronic medium approved by HUD, with an index and with each document copied to the CD or other electronic medium as a discrete file. In addition, the submission must include a certification that each document is a true and complete copy of the original, as previously approved by HUD in draft form or, if changes have been made since HUD approval, a list of all substantive changes.

(D) Amendment of approved evidentiary materials. After HUD has approved evidentiary materials submitted in accordance with this Mixed-Finance ACC Amendment, the evidentiary material document may not be amended in any material respect without the prior written approval of HUD.

(E) Recordkeeping. Except as otherwise required by the ACC and 2 CFR subpart D, the Authority must retain for inspection, upon reasonable notice and request by HUD, all documentation of the mixed-finance closing including, but not limited to: all development agreements, related management agreements, surveys, title policies, zoning assurances, environmental reports and approvals, partnership agreements, ground leases, regulatory agreements, development financing documents, and any recorded documents encumbering the use of the land. The documentation must be retained in one location for the period required by the application regulations or such lesser period of time if the property is disposed to a new owner entity.

Section 8 - Draw down of Funds.

(A) The Authority shall ensure that Public Housing Funds are expended only in accordance with the requirements set forth in this Mixed-Finance ACC Amendment and the approved budget set forth in Exhibit F to this Mixed-Finance ACC Amendment.

(B) In the event that funds in addition to those set forth in the budget(s) at Exhibit F are received from any source in connection with the Development, such excess funds may only be used, as approved by HUD in writing, for: (1) cost overruns; (2) additional betterments; (3) other purposes for the benefit of the Project residents and/or the Development; or (4) as otherwise approved by HUD.

(C) The Authority shall request all draw downs of grant funds under the Line of Credit

Control System (eLOCCS), unless and until another payment system is designated by HUD. The Authority shall comply with all rules, guidelines and notices established for the development of public housing under the e-LOCCS system, or any substitute system, in connection with the draw down of Public Housing Funds.

(D) HUD may withhold payments under this Mixed-Finance ACC Amendment in accordance with 2 CFR Subpart D, except that indebtedness of the Authority to the United States, which is not related to a Project under this Mixed-Finance ACC Amendment, shall not be the basis for withholding payments under this Mixed-Finance ACC Amendment pursuant to 24 CFR Subpart D.

(E) After HUD provides the Authority with written notification that the final evidentiary materials submitted to HUD, as listed in Exhibit E, have been reviewed and approved, the Authority may request a draw-down of Public Housing Funds pursuant to the approved budget in Exhibit F.

(F) No grant funds may be drawn down under this Mixed-Finance ACC Amendment during any period in which the Authority has failed to file with HUD any overdue financial report(s).

Section 9 - Covenant Against Disposition and Encumbrances.

With respect only to the Project under this Mixed-Finance ACC Amendment, Section 7 of the ACC is modified in its entirety to read as follows:

(A) Neither the Project Units nor any part thereof shall be demolished or disposed of, encumbered in any way, or the assets of the Project pledged as collateral for a loan, other than in accordance with the terms of the Applicable Public Housing Requirements and with prior written approval of HUD, so long as this Mixed-Finance ACC Amendment remains in force with respect to the Project, with the exception of: (1) mortgages identified in Exhibit B of this Mixed-Finance Amendment which have been approved by HUD, (2) dwelling leases with eligible families for the Project Units; and (3) normal uses associated with the operation of the Project,

(B) No transfer, conveyance, or assignment shall be made without the prior written approval of HUD of: (1) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a "Controlling Interest") of the Owner Entity; or (2) a Controlling Interest in any entity which has a Controlling Interest in the Owner Entity; or (3) prior to the payment in full of all equity contributions described in the approved evidentiary documents listed in the Mixed-Finance ACC Amendment, any other interest in the Owner Entity, or in any partner or member thereof.

(C) Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner Entity transfers a non-controlling and non-managing interest in the business organization provided that the Owner Entity: (i) provides HUD with written notice of such transfer and (ii) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the terms of the HUD-approved organizational documents of the Owner Entity.

(D) Notwithstanding the foregoing, the prior approval of HUD shall not be required for the exercise by the investor, i.e., limited partner, limited owner, etc. or its affiliates of their rights

to remove a Controlling Interest of the Owner Entity and to designate an affiliate of the investor as a substitute Controlling Interest under the terms of the Partnership Agreement or Operating Agreement, provided that HUD is given prior written notice of default under the Partnership Agreement or Operating Agreement and of the exercise of the removal and appointment right therein (the "Notice"). However, HUD consent shall be required for the appointment of such substitute Controlling Interest to extend beyond a ninety (90) day period. Such 90-day period will commence on the date of the Notice (the "Interim Replacement Period"). With notice to HUD, the Interim Replacement Period may be extended for an additional 90 days to allow the substitute Controlling Interest of the Owner Entity to find a replacement Controlling Interest acceptable to HUD and all other parties, provided that prior to the expiration of such additional 90-day period, the substitute Controlling Interest demonstrates that the investor is continuing to fund (or has already funded) its equity contribution, as required under the Partnership Agreement or Operating Agreement, and that the Project continues to be operated in a manner consistent with the Applicable Public Housing Requirements. Notwithstanding the foregoing, any rights of the investor or its affiliates to appoint a substitute Controlling Interest pursuant to this paragraph remains subject to the prior written approval of the Authority.

(E) HUD and the Authority authorize the Controlling Interest to collaterally assign and pledge its interest in the Owner Entity to a Bridge Lender in connection with a Construction Loan Agreement between the Bridge Lender and the Owner Entity dated on or about the date hereof, and to allow the Bridge Lender to exercise any of its rights pursuant thereto, so long as the Bridge Lender gives prompt written notice to HUD of the exercise of such rights at the time of such exercise (the "Pledge Notice"). However, the consent of HUD and the Authority shall be required for the appointment of any substitute Controlling Interest (including Bridge Lender or its Affiliates) extending beyond a 90-day period. Such 90-day period will commence on the date of the Pledge Notice (the "Pledge Replacement Period"). With notice to the Authority and notice and prior written approval of HUD, the Pledge Replacement Period may be extended for an additional 90 days to allow the substitute Controlling Interest of the Owner Entity to find a replacement Controlling Interest acceptable to HUD and the Authority provided that prior to the expiration of such additional 90-day period, the substitute Controlling Interest demonstrates that the Investor is continuing to fund (or has already funded) its equity contribution as required by the Partnership Agreement or Operating Agreement and that Project continues to be operated in accordance with the Applicable Public Housing Requirements.

(F) HUD will not unreasonably withhold, delay, or condition a request by the Owner Entity for HUD's consent to an internal reorganization of the corporate or partnership structure of the Owner Entity or any of the partners, members or stockholders of the Owner Entity.

Section 10 - Declaration of Restrictive Covenants.

With respect only to the Project under this Mixed-Finance ACC Amendment, Section 8 of the ACC is modified in its entirety to read as follows:

The Authority shall require the Owner Entity to execute and file for record against the Development, in the order approved by HUD, a Declaration in the form approved by HUD. The Declaration shall confirm and evidence the Owner Entity's obligation, during the term of this Mixed-Finance ACC Amendment and the Regulatory and Operating Agreement covering the Project Units and during such further period when such approval may be required by law as then in effect, to develop, maintain and operate the Project Units in compliance with the Applicable Public Housing Requirements. The Declaration shall provide further that it may not

be modified, amended or released without the prior written approval of HUD.

Section 11 - Restoration.

With respect to the Project, as defined in Section 1 of this Mixed-Finance ACC Amendment, Section 13(B) of the ACC is modified in its entirety to read as follows:

(B) In the event of a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Development (collectively a "Taking") or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Development (collectively a "Casualty"), the following shall apply:

The Authority shall promptly cause the restoration, reconstruction, and/or repair ("Restoration") of any damaged or destroyed property of the Development, but only to the extent that insurance proceeds or condemnation award proceeds ("Proceeds") permit and only if Restoration is feasible. The obligation for Restoration, to the extent Proceeds and other funds (if any are made available by the Owner Entity or the Authority) permit, is also a requirement with which the Owner Entity must comply, if Restoration is feasible. In addition, each mortgagee must permit Restoration if Proceeds permit and if Restoration is feasible (rather than require application of Proceeds to reduce mortgage debt.)

Restoration is deemed "feasible" if (without limitation), following Restoration, the financial viability of the Project would not be materially impaired from its condition prior to the casualty, including (without limitation) if tax benefits would not be materially reduced or if committed sources of debt or equity financing would not be relieved of their obligation to fund as a result of the Casualty. Further, a mortgage may provide and a mortgagee may exercise (with HUD approval as provided below), an option to apply any Proceeds to repayment of the mortgage debt instead of restoration, if any of the following conditions is met in the reasonable determination of the mortgagee or, if different, the lender: (i) there is no substantial certainty of sufficient funds for Restoration (whether from insurance proceeds, a condemnation award or settlement, or other funds that may be provided by the Owner Entity, the Authority or other lenders); (ii) there is no substantial certainty that Restoration will be completed prior to the maturity date of the note secured by the mortgage; (iii) if the loan is a construction loan, there is no substantial certainty that committed and sufficient loan repayment sources will be available upon Restoration, completion and loan maturity; (v) there is no substantial certainty that the operating income of the Development following Restoration will be sufficient to meet all operating costs and other expenses, payments for reserves, and loan repayment obligations relating to the Development; or (vi) there is no substantial certainty that Restoration of the Development to a condition approved by lender will be completed prior to the earlier of the maturity date of the loan or any fixed date resulting from tax credit requirements or otherwise imposed by schedule sources of repayment for the loan.

In the event a lender, Owner Entity and/or Authority determines that Restoration is not feasible, the Authority shall apply to HUD for approval not to restore the project, which shall not be unreasonably withheld, conditioned or delayed. Upon HUD approval not to restore the project, Proceeds shall be applied as follows:

(1) to pay-off or reduce outstanding mortgage debt in accordance with the recordation order of the mortgage liens on the Development;

(2) to reduce any outstanding indebtedness of the Owner Entity to the Authority for an unsecured loan;

(3) to reimburse the Authority for any funds disbursed to the Owner Entity for development of the Development other than by loan. Such reimbursement shall include any funds provided by the Authority for predevelopment work or soft costs;

(4) to the Owner Entity, in an amount equal to the amount that the Owner Entity or its general partner or managing member is required to pay to any investor member or partner in connection with the Casualty or Taking, as provided for in the Owner Entity's limited partnership agreement or operating agreement, such as repurchase of an interest, the triggering of "credit adjusters", or otherwise;

(5) to the Owner Entity, to the extent not otherwise covered by paragraph (4), in an amount equal to the amount that the Owner Entity is required to pay or distribute upon dissolution in accordance with its limited partnership agreement or operating agreement, including without limitation all debts of the Owner Entity whether to third persons or to partners or members, and whether for funds advanced, property or services, but disregarding for this purpose any provision in the limited partnership agreement or operating agreement for distribution of residual funds.

(6) to the Authority an amount equal to the total "cost of construction" attributable to the Project Units, less the sum of (1), (2) and (3) above; and,

(7) to the Owner Entity.

For the purposes of this Section 11, the term "cost of construction" shall mean the total cost of developing the Development, less land acquisition costs, if any, included as part of the initial development budget.

In the event lender, Owner Entity and/or Authority determine that Restoration is feasible, the following requirements shall apply:

(1) Partial loss. In the event that less than all of the dwelling units in the Development are damaged, destroyed or lost as a result of a Casualty or Taking, the following provisions shall apply:

(i) If the Proceeds are sufficient to restore the Development to the same number of units that existed prior to the Casualty or Taking, the number of Project Units in the Development shall be the same number (and bedroom configuration) that existed prior to the Casualty or Taking.

(ii) If the Proceeds are not sufficient to restore the Development to the same number of units that existed prior to the Casualty or Taking, the number of Project Units in the Development shall be the same percentage of the total number of units (and bedroom configuration) as existed prior to the Casualty or Taking.

(iii) Any excess Proceeds remaining following redevelopment shall be distributed as follows:

(a) to pay-off or reduce outstanding mortgage debt in accordance with the recordation order of the mortgage liens on the Development;

(b) to reduce any outstanding indebtedness of the Owner Entity to the Authority for an unsecured loan;

(c) to reimburse the Authority for any funds disbursed to the Owner Entity for development of the Development other than by loan. Such reimbursement shall include any funds provided by the Authority for predevelopment work or soft costs;

(d) to the Owner Entity, in an amount equal to the amount that the Owner Entity or its general partner or managing member is required to pay to any investor member or partner in connection with the Casualty or Taking, as provided for in the Owner Entity's limited partnership agreement or operating agreement, such as repurchase of an interest, the triggering of "credit adjusters", or otherwise;

(e) to the Owner Entity, to the extent not otherwise covered by paragraph (c), in an amount equal to the amount that the Owner Entity is required to pay or distribute upon dissolution in accordance with its limited partnership agreement or operating agreement, including without limitation all debts of the Owner Entity whether to third persons or to partners or members, and whether for funds advanced, property or services, but disregarding for this purpose any provision in the limited partnership agreement or operating agreement for distribution of residual funds;

(f) to the Authority an amount equal to the total "cost of construction" attributable to the Project Units, less the sum of (a), (b) and (c) above; and,

(g) to the Owner Entity.

(2) Total loss. In the event that all of the units in the Development are damaged, destroyed or lost as a result of a Casualty or Taking, the following provisions shall apply:

(i) If the Proceeds are sufficient to restore the Development to the same number of units that existed prior to the Casualty or Taking, the number of Project Units in the Development shall be the same number (and bedroom configuration) that existed prior to the Casualty or Taking.

(ii) If the Proceeds are not sufficient to restore the Development to the same number of units that existed prior to the Casualty or Taking, the number of Project Units in the Development shall be the same percentage of the total number of units (and bedroom configuration) as existed prior to the Casualty or Taking.

(iii) Any excess Proceeds remaining following redevelopment, shall be distributed as follows:

(a) to pay-off or reduce outstanding mortgage debt in accordance with the recordation order of the mortgage liens on the Development;

(b) to reduce any outstanding indebtedness of the Owner Entity to the Authority for an unsecured loan;

(c) to reimburse the Authority for any funds disbursed to the Owner Entity for development of the Development other than by loan. Such reimbursement shall include any funds provided by the Authority for predevelopment work or soft costs;

(d) to the Owner Entity, in an amount equal to the amount that the Owner Entity or its general partner or managing member is required to pay to any investor member or partner in connection with the Casualty or Taking, as provided for in the Owner Entity's limited partnership agreement or operating agreement, such as repurchase of an interest, the triggering of "credit adjusters", or otherwise;

(e) to the Owner Entity, to the extent not otherwise covered by paragraph (c), in an amount equal to the amount that the Owner Entity is required to pay or distribute upon dissolution in accordance with its limited partnership agreement or operating agreement, including without limitation all debts of the Owner Entity whether to third persons or to partners or members, and whether for funds advanced, property or services, but disregarding for this purpose any provision in the limited partnership agreement or operating agreement for distribution of residual funds;

(f) to the Authority an amount equal to the total "cost of construction" attributable to the Project Units, less the sum of (a), (b) and (c) above; and,

(g) to the Owner Entity.

All of the above provisions shall be incorporated into the Regulatory and Operating Agreement between the Authority and the Owner Entity (and ground lease, if applicable) and all mortgage documents encumbering the Development shall be consistent with these provisions.

Section 12 - Default.

(A) Each of the following shall constitute an event of substantial default under the ACC:

(1) The draw down of Public Housing Funds, including Capital Funds, Development Grant Funds, HOPE VI Grant Funds, or Choice Neighborhoods Funds, as applicable, under the Proposal in amounts greater than authorized;

(2) Breach of any approved performance schedule; or

(3) Serious and material breach of any terms, covenants, agreements, provisions, or warranties of:

(i) the Authority, as set forth in this Mixed-Finance ACC Amendment;

(ii) the Authority, as set forth in any agreement submitted to HUD as part of the evidentiary materials and entered into between the Authority and the Owner Entity, partner, or other participating party relating to the Proposal which, in the opinion of HUD, adversely affects the performance obligations of the Authority, the Owner Entity, or other participating parties, as set forth in this Mixed-Finance ACC Amendment; and

(iii) the Owner Entity, partner, or other participating party, made in any agreement

submitted to HUD as part of the evidentiary materials which, in the opinion of HUD, adversely affects the performance obligations of the Authority, the Owner Entity, partner, or other participating party as set forth in this Mixed-Finance ACC Amendment.

(B) HUD shall permit an Owner Entity, partner, or lender to participate, and may, in its discretion, permit any other participating party to participate, in any appeal from a notice of substantial default delivered by HUD to the Authority pursuant to Section 17(C) of the ACC with respect to the Project.

(C) During the term of the Regulatory and Operating Agreement between the Authority and the Owner Entity, and so long as the Owner Entity shall not be in default of its obligations thereunder, HUD agrees that in the event of a substantial default by the Authority under the ACC, HUD shall exercise any remedies or sanctions authorized under the ACC, including taking possession of the Authority's interest in the Project, in such manner as not to disturb the Owner Entity's rights under the Regulatory and Operating Agreement.

(D) The rights of the mortgagee under the Note and First Mortgage (including the right to exercise all remedies specified therein) shall not be subordinate to any other obligations imposed upon the Development, except as such obligations (1) shall be reflected in the Declaration, as required by Section 10 of this Mixed-Finance ACC Amendment, or a memorandum of lease (if applicable), and/or any other recorded instrument which shall have been recorded prior to the lien of the First Mortgage, or (2) shall be the subject of a subordination agreement with such mortgagee.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

In consideration of the foregoing covenants, the parties do hereby execute this Mixed-Finance ACC Amendment:

HOUSING AUTHORITY

By _____(Signature)

Maria Razo _____(Name)

Executive Director _____(Title)

UNITED STATES OF AMERICA
Secretary of Housing and Urban Development

By _____(Signature)

Meena Bavan _____(Name)

Director _____(Title)

Los Angeles Office of Public Housing _____(Field Office/Program Center)

Date: _____

EXHIBIT A: Participating Parties

[Insert the information included in Section 4 of the Development Proposal, which identifies key partners, their role, project interest, relationships and contact information.]

ROLE	ENTITY NAME & CONTACT INFORMATION (person, phone number & email)	PERCENTAGE INTEREST IN THE PROJECT'S OWNER ENTITY (%)	RELATIONSHIP TO PHA (if any)
Developer	National Community Renaissance of California Contact: Lesley Hampton Tel: (919) 204-3444 E-mail: lhampton@nationalcore.org	0%	N/A
Ownership Entity	Arrowhead Grove Phase 4 LP Contact: John Moore Tel: (909) 332-6317 E-mail: jmoore@hacsb.com	100%	N/A
General Partner or Managing Member of the Owner	NCRC AG 4 MGP LLC Contact: Lesley Hampton Tel: (919) 204-3444 E-mail: lhampton@nationalcore.org	.005%	N/A
Limited Partner or Investor/Limited Member of the Owner	Hudson Housing Capital LLC Contact: Blake Davis Tel: (949) 339-9585 E-mail: Blake.Davis@hudsonhousing.com	99.99%	N/A
Special Limited Partner (if applicable)	Waterman Affordable 4 LLC Contact: John Moore Tel: (909) 332-6317 E-mail: jmoore@hacsb.com	.005%	PHA affiliated LLC
Public Housing Agency, Instrumentality or Affiliate	Housing Authority of the County of San Bernardino Contact: John Moore Tel: (909) 332-6317 E-mail: jmoore@hacsb.com	0%	PHA
Property Manager	National Community Renaissance of California Contact: Courtney Richard Tel: (949) 431-6940 E-mail: crichard@nationalcore.org	0%	N/A

Construction Lender	Capital One, NA Contact: James D. Chase II Tel: (501) 312-0322 Email: james.chaseii@capitalone.com	0%	N/A
Permanent Lender(s)	CCRC Contact: Jennifer Quevedo Tel: (818) 550-9811 Email: Jennifer.Quevedo@e-ccrc.org	0%	N/A
General Contractor	National Community Renaissance of California Contact: Chris Killian Tel: (909) 204-3448 E-mail: ckillian@nationalcore.org	0%	N/A
Legal Counsel	<u>HACSB Counsel:</u> Goldfarb Lipman Contact: Isabel Brown Tel: (510) 836-6336 E-mail: IBrown@goldfarblipman.com Hawkins Delafield & Wood LLP (HUD matters, for the PHA) Contact: Rod Solomon Tel: 571-213-3279 E-mail: rsolomon@hawkins.com Aleshire & Wynder Contact: Fred Galante Tel: (949) 223-1170 E-mail: fgalante@awattorneys.com <u>Developer's Counsel:</u> Klein Hornig LLP Contact: Jessica Glynn Worthington Tel: (202) 926-3413 E-mail: jworthington@kleinhornig.com	0%	N/A
Architect	RRM Design Contact: Katie Moses Tel: (805) 883-5205 E-mail: kcmoses@rrmdesign.com	0%	N/A

EXHIBIT B: Project Description and Project Financing

[Insert the information included in Section 2 and Section 8 of the Development Proposal.]

Project Overview/Proposed Residents to be Served

Arrowhead Grove Phase IV will be a new construction multifamily development located at 575 E Baseline Street in San Bernardino, California. The project will replace previously demolished public housing and will be the fourth of five total phases of development.

Neighboring Arrowhead Grove IV are additional multifamily apartments, retail stores, and a public elementary and high school. The development will consist of 92 affordable family units. Unit amenities will include dishwashers, refrigerators, a stove, in-unit laundry, central air conditioning and heating, cable and internet access, as well as window treatments. Future phases of development will include a larger community center that will provide resident services such as healthcare services and adult continuing education classes.

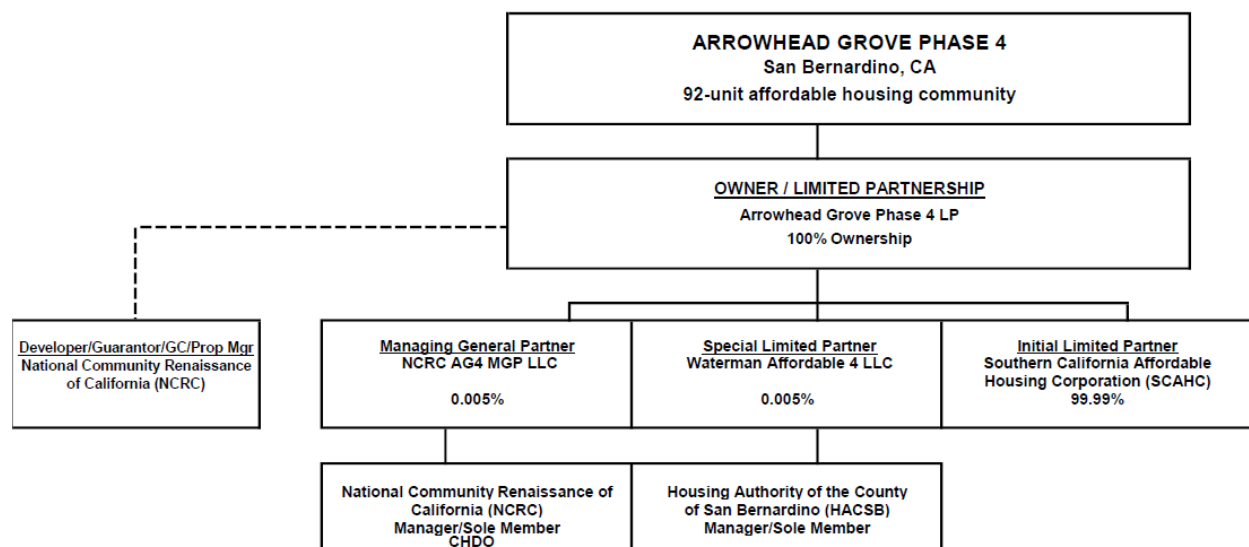
The unit mix will be composed of 22 1-bedroom units, 46 2-bedroom units, and 23 3-bedroom units, one of which will be reserved as a manager's unit and therefore, will not receive subsidy of any kind. As far as unit type, 6 of the 1-bedroom units, 12 of the 2-bedroom units, and 5 of the 3-bedroom units will be restricted to individuals earning at or below 30% of the Area Median Income (AMI). Seventeen total units will be restricted to individuals earning at or below 40% of the AMI consisting of 3 of the 1-bedroom units, 5 of the 2-bedroom units, and 9 of the 3-bedroom units. Nineteen total units will be restricted to 50% of the AMI with 3 of the units being 1-bedrooms, 11 being 2-bedrooms, and 5 being 3-bedrooms. At the 60% AMI restriction, there will be 2 1-bedroom units and 9 2-bedroom units. At the 70% AMI level, there will be 5 1-bedroom units and 5 2-bedroom units along with 1 3-bedroom unit. Lastly, there will be 3 1-bedroom units, 4 2-bedroom units, and 3 3-bedroom units at the 80% AMI level with the final 3-bedroom unit being reserved for an onsite manager.

Below is a unit breakdown by subsidy type and target AMI.

INCOME PROJECTIONS							
<i>All rents should be net of utility allowance</i>							
Unit Type	# Units	# of Bed-rooms	Monthly Tenant Rent (PUM)	Monthly Subsidy (PUM)	Monthly Income (PUM)	Annual Tenant Rent Total	Annual Subsidy Total
Public Housing	6	1	\$ 519	\$ 1,131	\$ 1,650	\$ 37,368	\$ 81,432
	12	2	\$ 607	\$ 1,368	\$ 1,975	\$ 87,408	\$ 196,992
	5	3	\$ 699	\$ 1,753	\$ 2,452	\$ 41,940	\$ 105,180
	3	1	\$ 729	\$ 921	\$ 1,650	\$ 26,244	\$ 33,156
	5	2	\$ 859	\$ 1,116	\$ 1,975	\$ 51,540	\$ 66,960
	9	3	\$ 990	\$ 1,462	\$ 2,452	\$ 106,920	\$ 157,896
	3	1	\$ 939	\$ 711	\$ 1,650	\$ 33,804	\$ 25,596
	11	2	\$ 1,110	\$ 865	\$ 1,975	\$ 146,520	\$ 114,180
	5	3	\$ 1,281	\$ 1,171	\$ 2,452	\$ 76,860	\$ 70,260
	2	1	\$ 1,149	\$ 501	\$ 1,650	\$ 27,576	\$ 12,024
	9	2	\$ 1,362	\$ 613	\$ 1,975	\$ 147,096	\$ 66,204
	5	1	\$ 1,359	\$ 291	\$ 1,650	\$ 81,540	\$ 17,460
	5	2	\$ 1,614	\$ 361	\$ 1,975	\$ 96,840	\$ 21,660
	1	3	\$ 1,863	\$ 589	\$ 2,452	\$ 22,356	\$ 7,068
	3	1	\$ 1,569	\$ 81	\$ 1,650	\$ 56,484	\$ 2,916
	4	2	\$ 1,866	\$ 109	\$ 1,975	\$ 89,568	\$ 5,232
	3	3	\$ 2,154	\$ 298	\$ 2,452	\$ 77,544	\$ 10,728
Public Housing Totals	91					\$1,207,608	\$ 994,944

Overview of Project Participants/Ownership

Arrowhead Grove Phase IV LP, a limited partnership will be the ownership entity of Arrowhead Grove IV. Arrowhead Grove Phase IV LP will consist of NCRC AGIV MGP LLC whose sole member and manager is National Community Renaissance of California (NCRC or “National CORE”), Waterman Affordable 4 LLC as the Class A Limited Partner, and Southern California Affordable Housing Corporation (“SCAHC”) as the initial limited partner. NCRC will be the sole member manager of the GP of the ownership entity as well as the developer, guarantor, GC, and property manager with HACSB administering the HAP contract. See below for a graphic of the ownership structure.



NCRC, more commonly referred to as National CORE, is the developer of Arrowhead Grove Phase IV and was procured via an RFP in 2024 to be the lead project manager and

developer due to their competitively proposed developer fee and predevelopment cost splits in addition to their previous experience working with HACSB. National CORE was the developer for the first three phases of Arrowhead Grove and was reprocured for Phase IV. HACSB assists National CORE with their project management needs and coordinates outside consultants and submissions of documents needed for HUD processes.

Arrowhead Grove IV has received an AHSC grant commitment of \$15.9M and a Low-Income Housing Tax Credit (“LIHTC”) award for \$27.8M. California Statewide Communities Development Authority (CSCDA) will issue \$33.1M in bonds as a construction source. Capital One Bank will provide a permanent loan of \$11.3M. The project anticipates a financial closing in June of 2025.

Arrowhead Grove IV will be built with 4% tax credits with construction projected to start in June of 2025. Hudson Housing Capital will be the equity investor for Arrowhead Grove IV and will enter the partnership as a limited partner when SCAAC withdraws from the partnership at closing. The Housing Authority of the County of San Bernardino is the current owner of the land at the proposed development site and will lease the land to the partnership.

Proposed Energy Rating/ Unit-Based Internet Connectivity

Arrowhead Grove IV is expected to obtain a LEED gold award. There will be unit-based internet connectivity provided by Spectrum and Frontier. Via the project’s AHSC grant, internet services will be provided to residents for free for a period of 36 months. Afterwards, residents will pay for internet connectivity.

Description of Anticipated RAD Conversion

Arrowhead Grove IV will utilize Faircloth to RAD on 91 total units, 22 1-bedrooms, 46 two-bedrooms, and 23 three-bedroom units. There will be 1 three-bedroom manager unit resulting in 92 total units in the development.

Section 8: Project Financing

A. Project Financing

- Please fill out the chart below with information for each source of construction and permanent financing (including public housing funds, other public funds, and private funds) included in the project’s budgets:

Name of Provider	Amount	Use of Funds	Grant Type and Number (if HUD PH funds)	Type of financing (i.e. construction loan, permanent loan, equity, grant)	Financing Terms (including term and interest rate) and other relevant information
Capital One, NA	\$33,060,500	Construction	N/A	Tax Exempt Construction Loan	6.92% variable interest rate

Capital One, NA	\$6,439,500	Construction	N/A	Taxable Construction Loan	6.92% variable interest rate
CCRC	\$11,314,000	Permanent	N/A	Loan	6.3% interest rate
HCD AHSC Loan	\$8,735,000	Permanent	N/A	Loan	3% interest rate
San Bernardino County HOME *to commence after RAD conversion	\$5,000,000	Permanent	N/A	Loan, Residual Receipts	3% interest rate
City of San Bernardino HOME & LMIHAF *to commence after RAD conversion	\$4,900,000	Permanent	N/A	Loan, Residual Receipts	3% interest rate
HACSB Ground Lease Note	\$3,600,000	Permanent	N/A	Loan, Residual Receipts	4.37% interest rate
Developer National CORE	\$4,039,069	Permanent	N/A	Development Fee Contribution	N/A
Deferred Developer Fee	\$1,000,000	Permanent	N/A	Residual Receipts	N/A
GP Capital Contribution	\$100	Permanent	N/A	Equity	N/A
Hudson	\$27,651,299	Permanent	N/A	Equity	\$.92

B. Federal Low Income Housing Tax Credits (LIHTC)

- For projects that include LIHTC, provide the following information:

Total Tax Credit Allocation Over 10 Years	\$3,005,877
Total Equity Commitment	\$27,651,299
Equity Per Dollar of Allocation (Equity divided by Allocation)	\$0.92
Type of Tax Credits	9% ☐ or 4% ☒

Pay in Schedule for Investor Equity		
Milestone	Projected Date (MM/DD/YYYY)	Amount

Initial Construction Closing	10/2025	\$2,765,130
50% Completion	8/2026	\$2,765,130
75% Completion	3/2027	\$3,041,643
100% Completion	5/2027	\$2,765,130
Permanent Loan Conversion	2/2028	\$16,164,266
Receipt of Form 8609	6/2028	\$150,000
TOTAL AMOUNT OF EQUITY		\$27,651,299

- Describe the proposed exit strategy for the Investor at the end of the 15-year LIHTC compliance period, including the PHA's anticipated role, the continued preservation of affordable units, and how any exit taxes will be paid.

Upon the exit of the investor at the end of the 15-year LIHTC compliance period, HACSB will have a ROFR and purchase option.

C. Other Tax Credits

- For projects that include other types of tax credits (such as state LIHTC, federal and state historic preservation or new market tax credits), provide the following:

Type of Tax Credit	Amount of Equity
N/A	N/A

Response: No other types of tax credits will be utilized in the development of Arrowhead Grove Phase IV.

D. Existing Financing

Identify any existing financing on the project, such as funds provided through a Capital Fund Financing Program (CFFP) transaction or an Energy Performance Contract (EPC).

- Identify the amount of funding
- Describe how the debt will be addressed as part of the new project
- Provide evidence of approval

Response: There is no existing financing on the project.

E. Reserve Accounts

For mixed-finance projects, Section 8 must also be included in Exhibit B to the project's Mixed-Finance Amendment to the ACC.

Public housing funds may be contributed towards reserve accounts, subject to the following limitations:

- Public housing funds may not be used to initially fund reserve accounts, with the exception of the establishment of an Initial Operating Subsidy Reserve for public housing units only.
- Public Housing Operating Subsidy and public housing tenant rents may be used to replenish reserve accounts **only if** they are replacing funds which have been disbursed for allowable public housing expenses.
- Public Housing Operating Subsidy and public housing tenant rents may be used to fund the Replacement Reserve, but only in an amount proportionate to the number of public housing units.
- No public housing funds can be used to fund an Exit Tax Reserve. This includes Public Housing Operating Subsidy and public housing tenant rents.
- Public housing funds in all reserve accounts must be tracked separately.
- Public housing funds in all reserve accounts must remain with the project if it is sold or transferred or they must be returned to the PHA.
- Reserve accounts must be described in detail in the Regulatory and Operating Agreement between the PHA and the Owner Entity.

Submit the following information for each Reserve Account included in the project:

1) Initial Operating Period/Lease-Up Reserve (public housing only): \$ 0

Identify source of funds to establish reserve account	N/A
Identify source of funds to replenish reserve account	
Briefly describe when funds may be drawn down	
Identify which entity owns the reserve account	

2) Operating Subsidy Reserve (public housing only): \$ N/A

Identify source of funds to establish reserve account	
Identify source of funds to replenish reserve account	
Briefly describe when funds may be drawn down	
Identify which entity owns the reserve account	

3) Operating Deficit Reserve: \$ 481,090

What type of units does this cover (all, only PH, or only non-PH)?	N/A
Identify source of funds to establish the reserve account	Revenues
Identify source of funds to replenish reserve account	Ongoing cashflows
Briefly describe when funds can be drawn down	Upon lease up
Identify which entity owns the reserve account	Arrowhead Grove Phase 4 LP

4) Replacement Reserve: \$ 500 per unit per year

What type of units does this cover (all, only-PH, or only non-PH)?	All
Identify source of funds to establish reserve account	Revenues
Identify source of funds to replenish reserve account	Ongoing cashflows
Briefly describe when funds can be drawn down	Once stabilization is achieved
Identify which entity owns the reserve account	Arrowhead Grove Phase 4 LP

For RAD, the annual deposit to the replacement reserve must be based on a financial model (the 20-year capital needs schedule and associated determination of the Initial Deposit to Replacement Reserve, or IDRR, and the Annual Deposit to Replacement Reserve, or ADRR). However, if the MFDP entails new construction or the use of 9% LIHTC, no financial model is needed as long as the annual deposit to the replacement reserve is at least \$450 per unit per year (\$37.50 per unit per month).

5) Other: Moving-to-Work Hardship Reserve: \$10,500

What type of units does this cover (all, only-PH or only non-PH)?	All
Identify source of funds to establish reserve account	Ongoing cashflows
Identify source of funds to replenish reserve account	Ongoing cashflows
Briefly describe when funds can be drawn down	Once stabilization is achieved
Identify which entity owns the reserve account	Arrowhead Grove Phase 4 LP

6) Other: HCD Transition Pool Fee: \$307,217

What type of units does this cover (all, only-PH or only non-PH)?	All
Identify source of funds to establish reserve account	Equity
Identify source of funds to replenish reserve account	N/A
Briefly describe when funds can be drawn down	In case of loss of rental subsidy
Identify which entity owns the reserve account	State of CA HCD Fee for Pooled Reserve

6) Other: 1st year RAD Subsidy Reserve: \$746,208

What type of units does this cover (all, only-PH or only non-PH)?	All
Identify source of funds to establish reserve account	Equity
Identify source of funds to replenish reserve account	N/A
Briefly describe when funds can be drawn down	In case of loss of rental subsidy
Identify which entity owns the reserve account	Arrowhead Grove Phase 4 LP

EXHIBIT C: Type and Number of Units

Complete the following charts applicable to the Development.

Public Housing Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached	22	46	23		91
Elevator					
Row House					
Walk-up					
Total Public Housing Units	22	46	23		91

Public Housing/Low Income Housing Tax Credit Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached					
Elevator					
Row House					
Walk-up					
Total LIHTC/PH Units					0

Project Based Voucher Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached					
Elevator					
Row House					
Walk-up					
Total PBV Units					0

Project Based Voucher/Low Income Housing Tax Credit Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached					
Elevator					
Row House					
Walk-up					
Total PBV/LIHTC Units					0

Low Income Housing Tax Credit Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached					
Elevator					
Row House					
Walk-up					
Total LIHTC Units					0

Other Income Restricted Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached					
Elevator					
Row House					
Walk-up					
Total Restricted Units					0

Unrestricted Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached			1		1
Elevator					
Row House					
Walk-up					
Total Unrestricted Units			1		1

*The unrestricted unit serves as a manager's unit.

Total Units					
Unit Type	1BR	2BR	3BR	4BR	Total
Detached/Semi-Detached	22	46	24	0	92
Elevator					
Row House					
Walk-up					
Total Units	22	46	24	0	92

EXHIBIT D: Development Schedule

[Insert the information included in Section 5 of the Development Proposal.]

Section 5: Project Schedule*

***For mixed-finance projects, Section 5 must also be included in Exhibit D to the project's Mixed-Finance Amendment to the ACC.**

Provide dates (mm/dd/yyyy) for each activity identified below. If a task has not yet been completed, please include a date in the "Anticipated Completion Date" column. If a task is complete, enter a date in the "Actual Completion Date" column.

ACTIVITY	ANTICIPATED COMPLETION DATE	ACTUAL COMPLETION DATE
Demolition Approval from HUD	N/A	N/A
Disposition Approval from HUD	N/A	N/A
LIHTC Award	11/2024	11/2024
Environment Review Completed (HUD-7015.16 approved)	11/2024	5/2025
HUD Site and Neighborhoods Standards Review Completed	6/2025	5/2025
Relocation Completed	N/A	N/A
Financial Closing	9/24/2025	TBD
Abatement/Demolition Start	9/25/2025	TBD
Abatement/Demolition Completed	11/21/2025	TBD
Construction Start	9/2025	
Construction Completed	5/2027	
Target Date of Full Availability (DOFA) for Public Housing Units	4/15/2027	
LIHTC Placed-in-Service Date	4/15/2027	
Lease Up Complete	7/16/2027	
Submission of Final Cost Certification	1/12/2028	

EXHIBIT E

EVIDENTIARY MATERIALS

A. The following evidentiary materials must be submitted by the Authority to HUD first in draft form for review and approval prior to execution and then re-submitted to HUD in final form after execution and recordation, if required. Final evidentiary materials should be submitted within sixty days of financial closing, along with a certification that no substantive changes have been made to the documents since HUD's initial review of the draft documents or, if changes have been made, a list of all substantive changes must be provided to HUD along with the evidentiary materials.

The evidentiary materials must be submitted in one complete binder(s) with an index and tabbed dividers or on a CD or other electronic medium approved by HUD, with an index and each document copied to the CD or other electronic medium as a discrete file. All evidentiary materials must be submitted in accordance with the provisions of Section 7(B) of this Mixed-Finance ACC Amendment. The following evidentiary materials must be submitted to HUD:

(1) This Mixed-Finance ACC Amendment executed by the Authority and HUD, along with all exhibits;

(2) HUD's Declaration of Restrictive Covenants properly recorded in the appropriate land records, in the form and order of priority approved by HUD. The restriction must assure that the public housing units will be available for use by eligible low-income families in accordance with the Applicable Public housing Requirements for the period required by law;

(3) A Regulatory and Operating Agreement between the Authority and the Owner Entity that provides binding assurances that the operation of the public housing units will be in accordance with the Applicable Public Housing requirements. This Agreement should also describe the methodology for providing operating subsidy to the public housing units in the development, the development's reserve structure, public housing transformation remedies and other provisions as required by HUD;

(4) A copy of the lease and memorandum of lease, if applicable, between the Authority and the Owner Entity encompassing all land included in the Development;

(5) An ALTA survey of the Development (to be reviewed by HUD Field Counsel);

(6) A final Title Policy showing HUD's Declaration of Restrictive Covenants in a first lien priority position against the fee estate of the development or other order of recording approved by HUD. This should be in the form of an ALTA title policy and receipts of recordation evidencing that the Declaration of Restrictive Covenants has been recorded in the order prescribed by HUD should also be submitted;

(7) A legal opinion prepared by Authority counsel after due diligence and based on information that is, to the knowledge of counsel, true and correct, opining that the Authority has the legal authority to take all actions and enter into all agreements referenced, and that all such

agreements are in accordance with the Applicable Public Housing Requirements;

(8) A revised and updated Development Proposal consistent with the Mixed Finance ACC Amendment;

(9) A management agreement, management plan and form of tenant lease for the public housing units, if the units will be managed by an entity other than the Authority;

(10) Mixed-Finance Certifications and Assurances (HUD form 50161); and

(11) Any additional documentation required by HUD.

B. All other evidentiary materials associated with the Project and executed between the parties must also be listed under this section, but are not required to be submitted to HUD. These documents must include, but are not limited to, the following:

(1) A partnership agreement, membership agreement, development agreement, or other agreement between any of the participating parties, including an agreement between the agency and the owner entity, its partner, or other participating parties, that establishes the rights and liabilities (financial and otherwise) of the parties;

(2) An amended, or supplementary cooperation agreement between the jurisdiction and the Authority that includes the development or documentation from an authorized official for the applicable jurisdiction that the existing cooperation agreement covers the development or, in the case where the development will pay property taxes, documentation from the jurisdiction showing that the development is consistent with the jurisdiction's Comprehensive Plan (previously known as a comprehensive housing affordability strategy);

(3) All financing documents, including notes, mortgages, deeds of trust, loan agreements, bond documents, or such other documents that evidence the availability of the participating party(ies) financing, and the amount and source of financing committed to the development;

(4) The organizational documents of the owner entity.

**EXHIBIT F: Construction and Permanent
Development Budgets**

[Insert “Construction Budget” and “Permanent Budget” from the Development
Proposal Calculator]

See attached Development Proposal Calculator.

EXHIBIT G: Draw Down Ratio
(sample: insert appropriate funding information)

- Public Housing Funds in the amount of \$0, of which \$0 are Capital Funds, \$0 are Choice Neighborhoods funds, and \$0 are Replacement Housing Factor Funds, shall be funded under the Mixed-Finance ACC Amendment. Of the total \$0 of Public Housing Funds, \$0 will be loaned by the Authority to the Owner Entity.

The remaining \$0 of Public Housing Funds, which is reflected in Part B of the permanent project budget form found in Exhibit F, shall be used to fund the following internal Authority costs or fund activities paid directly by the Authority in support of the Project. These costs are excluded from the calculation of the drawdown ratio:

Authority Administration/Non-Technical Salaries	0
Program Management	0
Demolition	0
Community and supportive Services	0
Total	\$0

- The aggregate amount of private and other public funds in the amount of \$66,973,634 is projected to be invested permanently in the project after construction are:

First Mortgage – FHA	\$0
Tax Credit Equity	0
CDBG Funds	0
City CIP Funds	0
General Partner Equity	0
Total	\$0

After the end of the construction period, the ratio of public housing funds to total private and other public funds may not exceed \$0 of public housing funds to \$0 of private and other funds (\$0 / 0). After full disbursement, if the ratio of public housing funds to private and other funds invested exceeds \$0 to \$0, private and other funds must reimburse public housing funds in a sufficient amount to reduce the draw down ratio to not more than \$0 in public housing funds to \$0 of private and other funds.

- The portion of public housing funds that will be loaned by the Authority to the Owner Entity will be disbursed in accordance with the construction draw schedule included as Exhibit G-1 to this ACC Amendment and any loan agreement between the Owner Entity and the Authority and/or disbursing agreement by and among the lender, the Authority and the Owner Entity.
- The specific amounts in the line items for sources and uses of funds set forth in Exhibit F are projections, which are subject to adjustment in accordance with the evidentiary documents listed on Exhibit E and are subject to all applicable regulations and OMB Circulars.

**EXHIBIT G-1: Construction Draw
Schedule**

[Insert "Draw Schedule" from the
Development Proposal Calculator.]

See draw schedule in the attached Development Proposal Calculator.

EXHIBIT H – PROGRAM INCOME CERTIFICATION

THIS PROGRAM INCOME CERTIFICATION (the “Certification”) is provided by the Authority to the United States Department of Housing and Urban Development (“HUD”) in connection with the Development.

RECITALS

WHEREAS, as described in Section 2 of this Mixed Finance ACC Amendment, the Authority has received financial assistance from HUD for the revitalization of public housing units at the Development (“Federal Grant”);

WHEREAS, Program Income, as defined in 2 CFR subpart D, means gross income generated directly by a grant supported activity or earned as a result of the grant agreement during the Grant Period. The term “Grant Period,” as used in this Certification shall mean the period beginning on the date of commencement of the Federal Grant and ending on the close-out date of the Federal Grant.

WHEREAS, pursuant to 2 CFR subpart D, Program Income includes income from: (i) fees for services, which shall include, but are not limited to, payments to the Authority that may be earned as a developer fee; (ii) the use or rental of real or personal property acquired with grant funds; (iii) the sale of commodities or items fabricated under a grant agreement; (iv) the payments of principal and interest on loans, including bridge loans, funded with grant funds; or (v) other reimbursements, fees, repayments or other income generated by the Federal Grant.

WHEREAS, Program Income does not include proceeds from the disposition of land. The use of such proceeds is governed by 970.9 and the HUD approved disposition plan.

WHEREAS, this Certification is intended to set forth HUD and the Authority’s agreement concerning the use Program Income generated from development of the Project.

WHEREAS, this Certification is effective concurrent with the day and year of the execution of this Mixed-Finance ACC Amendment.

CERTIFICATION

NOW, THEREFORE, the Authority certifies as follows:

1. The foregoing recitals are true and correct and are incorporated herein by reference;
2. It will use the Program Income to carry out the following eligible and approved activities under the Federal Grant:
 - a. If the Authority has earned Program Income as part of the developer fee, then the Program Income earned must be used either for this Project or, if applicable, for subsequent phases of the Project as defined in a HUD approved Revitalization Plan. To the extent that funds remain upon completion of the entire Revitalization Plan or if the Project has only one phase and the Program Income is not necessary to complete the Project, the Program Income may be used for affordable housing purposes;

- b. If the Authority has earned Program Income through the repayment of loans funded with public housing funds, then Program Income must be used for affordable housing purposes;
 - c. If the Authority has earned Program Income through the repayment of bridge loans funded with public housing funds, then Program Income must be used for the purposes of and under the conditions of the original funding source's grant agreement; and,
 - d. If the Authority has earned Program Income through other sources, then Program Income must be used consistent with the terms of this Mixed-Finance ACC Amendment.
 - e. For Choice Neighborhoods projects, Program Income must be used in accordance with the Grant Agreement.
3. The Authority projects the receipt of Program Income in the amount of \$1,750,000. The source(s) of the Program Income are as follows:
- a. \$1,750,000 from a developer fee
 - b. \$ _____ from repayment of loans (if fixed)
 - c. \$ _____ from repayment of bridge loans
 - d. \$ _____ from (identify other sources).
4. Consistent with the requirements of Section 2 above, the Authority intends to use the Program Income listed in Section 3 for the following purposes:

The \$1,750,000 of developer fee will be used toward affordable housing purposes.

(For example: construction of a future phase of the Development, to provide supportive services to public housing residents, to develop additional public housing after completion of the Development.)

5. Pursuant to 2 CFR subpart D the Authority will use any additional Program Income for eligible and approved costs under the Federal Grant before drawing down additional funds under the Federal Grant for such activities, unless otherwise approved by HUD, provided, however, incorporation of this Certification into the Mixed-Finance ACC Amendment constitutes HUD's approval of the uses identified in Section 4, above. The Authority agrees that after the end of the award period, any gross income received by the Authority or a sub grantee that was directly generated by a grant-supported activity (or earned only as the result of funding provided under this Mixed-Finance ACC Amendment, including, without limitation, principal and interest on loans made with grant funds, will be utilized solely for eligible program costs or other affordable housing purposes. This covenant will survive any termination of the grant and, at HUD's direction, may be incorporated into any documentation related to the closeout of the grant. After all eligible and approved activities under the Federal Grant are complete any additional Program Income can be used for affordable housing purposes. This certification expressly survives the

termination of the Grant Period.

6. The Authority has ensured that the terms of this certification are binding on the Authority, its affiliates, sub grantee(s), and their successors and assigns.
7. This Certification may not be altered, modified, or rescinded without the prior written approval of HUD.

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

Recorder's Stamp

DECLARATION OF TRUST/RESTRICTIVE COVENANTS

THIS DECLARATION OF TRUST/RESTRICTIVE COVENANTS (the "Declaration") is made and entered into as of this _____ day of _____, 2025 by and between the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO (the "Authority"), a public body corporate and politic, organized and existing under the laws of the State of California, and if under a Mixed Finance Amendment to the Annual Contributions Contract, then also ARROWHEAD GROVE PHASE 4 LP (the "Owner"), a limited partnership organized and existing under the laws of the State of California, for the benefit of the United States of America, acting by and through the Secretary of Housing and Urban Development ("HUD").

**NOTE: OPTION TO USE FOR ALL PUBLIC HOUSING OR MIXED FINANCE PUBLIC HOUSING –
FILL IN PHA OR OWNER ENTITY**

WHEREAS, pursuant to the U.S. Housing Act of 1937, as amended, and any successor legislation (the "Act") the Authority and HUD have entered into a Consolidated Annual Contributions Contract ("ACC") number: SF-205, dated June 27, 1962, as the same may be amended from time to time, which provides for grants and annual contributions to be made by HUD to assist the Authority in developing, maintaining, and operating its public housing units in accordance with all applicable public housing requirements (as further defined below); and

NOTE: FILL IN THE LATEST ACC NUMBER ON RECORD

**NOTE: COMPLETE ONE OF THE FOLLOWING GROUPS OF PARAGRAPHS: DEVELOPMENT,
MODERNIZATION OR MIXED FINANCE (STANDARD OR OPERATING FUNDS ONLY)**

For Public Housing Development Declaration of Trust (complete these two paragraphs):

WHEREAS, as of the date of execution of this Declaration, the Capital Fund Grant ACC Amendment and ACC cover the low-income housing project located at _____[8]_____, in the City of _____[9]_____, County of _____[10]_____ in the State/Commonwealth of _____[11]_____ (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the "Project") which will provide _____[12]_____ dwelling units and necessary associated appurtenances;

WHEREAS, the Project and acquisition of the site or sites thereof have been assisted with a Capital Fund grant provided by HUD;

For Public Housing Modernization Declaration of Trust (complete these two paragraphs):

WHEREAS, as of the date of execution of this Declaration, the Capital Fund Grant ACC Amendment and the ACC cover a certain individual low-income housing project located at _____[8]_____, in the City of _____[9]_____, County of _____[10]_____ in the State/Commonwealth of _____[11]_____ (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the “Project”) which will provide _____[12]_____ dwelling units and necessary associated appurtenances; and

WHEREAS, the modernization of the Project will have been assisted with a Capital Fund grant provided by HUD.

For Mixed Finance Declarations of Restrictive Covenants (standard) (complete these two paragraphs):

WHEREAS, as of the date of execution of this Declaration, HUD and the Authority have entered into a certain Mixed Finance Amendment, Amendment No. _____[13]_____ to the ACC (“Mixed Finance ACC Amendment”), adding the _____[12]_____ public housing units and any necessary associated appurtenances to the ACC under project number _____[15]_____ located at _____[8]_____ in the City of _____[9]_____, County of _____[10]_____, in the State/Commonwealth of _____[11]_____ (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the “Project”).

WHEREAS, the Authority and the Owner have entered into a Regulatory and Operating Agreement, and other Agreements, whereby the Authority has agreed to provide the Owner with assistance obtained under the Mixed Finance ACC Amendment to pay a portion of the development costs of the Project, and with Operating Fund assistance to assist in operating and maintaining the low income character of the public housing units in the Project;

For Mixed Finance Declarations of Restrictive Covenants (Operating Funds only) (complete these two paragraphs)

WHEREAS, as of the date of execution of this Declaration, HUD and the Authority have entered into a certain Mixed Finance Amendment to Consolidated Annual Contributions Contract for Projects Receiving Only Public Housing Operating Fund Assistance, Amendment No. [_____] to the ACC (“Mixed Finance ACC Amendment”), adding the 91 public housing units and any associated appurtenances to the ACC under project number CA019000182 located at 363 Elm Circle in the City of San Bernardino, County of San Bernardino, in the State of California (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the “Project”).

WHEREAS, the Authority and the Owner have entered into a Regulatory and Operating Agreement, and other Agreements, whereby the Authority has agreed to provide the Owner with Public Housing Operating Fund assistance derived under the Act to assist in operating and maintaining the low income character of the public housing units in the Project;

For Mixed Finance Declarations of Restrictive Covenants (standard and Operating Funds only) (complete these paragraph two paragraphs):

WHEREAS, in return for the receipt of such assistance, the Owner has agreed to develop, operate and maintain the Project in accordance with all requirements applicable to public housing, including, without limitation, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the Mixed Finance ACC Amendment, the HOPE VI Grant Agreement (if

applicable), this Declaration, and all pertinent Federal statutory, executive order, and regulatory requirements, as those requirements may be amended from time to time (all such requirements hereafter collectively referred to as the “Applicable Public Housing Requirements”);

WHEREAS, as of the date of execution of this Declaration, title to the Project is held by the Authority. The Authority has entered into a ground lease with the Owner for the site on which the Project is to be developed, and on which the Owner will construct and operate the Project.

For Public Housing Development, Public Housing Modernization and Mixed Finance Development and Mixed Finance Operating Funds Only Projects (all of these paragraphs apply):

NOW, THEREFORE, to assure HUD of the performance by the Authority and the Owner (in the case of Mixed Finance Development or Mixed Finance Operating Funds Only), and any successors in interest to the Authority and Owner, of the Applicable Public Housing Requirements in connection with the development, operation and maintenance of the Project for the term of the low income use restrictions, the parties hereby acknowledge and agree:

1. The Authority does hereby acknowledge and declare that it is possessed of and holds title to the Project consisting of the real property located at 363 Elm Circle situated in the City of San Bernardino, County of San Bernardino, in the State of California, as more fully described in Exhibit A to this Declaration, and which is made a part hereof (the “Property”);
2. The Authority hereby acknowledges and declares that it is possessed of and holds title to the Property in trust for the benefit of HUD, for the purposes hereinafter stated.
3. The Owner is possessed of and holds in trust for the benefit of HUD, for the purposes hereinafter stated, a leasehold interest in the Project and all buildings and fixtures developed or to be developed thereon or appurtenant thereto, and including all personalty.
4. The Owner (if Mixed Finance Development or Mixed Finance Operating Funds Only) and Authority (in all cases) hereby declare and acknowledge that during the existence of the trust hereby created, the restrictive covenants set forth in this Declaration shall be, and are, covenants running with the Project for the period of the low-income use restrictions, and are binding upon the Owner (if Mixed Finance Development or Mixed Finance Operating Funds Only) and the Authority (in all cases), and their successors and assigns, for such term;
5. The Authority shall, or in the case of Mixed Finance Development or Mixed Finance Operating Funds only, cause the Owner to, develop, modernize or operate the Project in compliance with the Applicable Public Housing Requirements, and shall thereafter operate and maintain the Project in compliance with the Applicable Public Housing Requirements for the following periods:
 - (i) In the case of Public Housing Development or Mixed Finance Development (standard), for a 40-year period (for development work) and such 40-year period shall be extended for 10 years after the end of the last PHA fiscal year for which Operating Fund assistance is provided by the Authority on behalf of the Project, or as may be otherwise required by law or amended by law;
 - (ii) In the case of the use of Capital Funds for Public Housing Modernization or Modernization occurring after Mixed Finance Development (standard) or Mixed Finance Operating Funds Only), for a 20-year period that begins on the date on which the modernization is completed, or for such other period as may be required by law or

amended by law and such 20-year period shall be extended for 10 years after the end of the last PHA fiscal year for which Operating Fund assistance is provided by the Authority on behalf of the Project, or as may be otherwise required by law or amended by law;

- (iii) In the case of Operating Fund only Projects, for a 10-year period expiring upon the conclusion of the fiscal year for which Operating Fund assistance is last provided by the Authority for the benefit of the Project Units, or as may be otherwise required by law or amended by law; or
6. In the case of Mixed Finance Operating Funds Only Projects, the Owner shall not, without the prior written approval of HUD or as may otherwise be authorized by law, dispose of the Project during and for 10 years after the end of the last PHA fiscal year in which the Project receives Operating Fund assistance from the Authority. The Authority may seek, pursuant to section 18 of the Act, an early termination of the 10-year prohibition on disposition and the low income use restrictions in the event of reduced appropriations of operating subsidies to the Authority under section 9(e) of the Act. In such case, HUD may approve in writing the disposition of the Project from the public housing program if it determines such action to be in the best interests of the Project residents and the Authority, and is otherwise consistent with the Act.
7. The Authority, or in the case of Mixed Finance Development or Mixed Finance Operating Funds Only, the Owner, shall remain seized of title to the Project and shall refrain from transferring, conveying, assigning, leasing, mortgaging, pledging, or otherwise encumbering or permitting or suffering any transfer of any kind of the Project, or any part thereof, or any rent, revenues, income, or receipts of the Project in connection therewith, or any of the benefits or contributions granted to it by or pursuant to the ACC, as amended, or any interest in any of the same, except to the extent approved in writing by HUD, as otherwise authorized by the ACC, as amended, or as authorized below:
- A. Deeds of trust and financing arrangements approved in writing by HUD under the terms of the Mixed Finance ACC Amendment, and transfer of the Project to the beneficiary under any such approved loans, by foreclosure or deed-in-lieu of foreclosure, or to a third-party purchaser at a foreclosure sale, provided that any such transfer shall be subject to the terms of this Declaration;
 - B. Dwelling leases with eligible families and lease of other spaces and facilities in the Project;
 - C. Conveyance or otherwise dispose of any real or personal property which is determined and approved by HUD to be excess to the needs of the Project;
 - D. Dedication of land for use as streets, alleys, or other public rights-of-way, and grants and easements for the establishment, operation, and maintenance of public utilities; and
 - E. Normal uses associated with the operation of the Project, to the extent authorized by the ACC.
8. (A) No transfer, conveyance, or assignment or release of this Declaration shall be made without the prior written approval of HUD including as well: (i) any interest of a managing

member, general partner, or controlling stockholder (any such interest being referred to as a “Controlling Interest”) of the Owner; or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Owner; or (iii) prior to the payment in full of all equity contributions described in the approved evidentiary documents listed in the Mixed Finance ACC Amendment, any other interest in the Owner, or in any partner or member thereof.

(B) Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner transfers a non-controlling and non-managing interest in the business organization as long as the Owner: (i) provides HUD with written notice of such transfer; and (ii) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the terms of the HUD-approved organizational documents of the Owner.

(C) HUD will not unreasonably withhold, delay, or condition a request by the Owner for HUD's consent to an internal reorganization of the corporate or partnership structure of the Owner or any of the partners, members or stockholders of the Owner.

9. This Declaration shall first be approved by HUD and then be recorded at the expense of the Authority or the Owner (in the case of Mixed Finance Development (standard) or Mixed Finance Operating Funds Only) in the local land records of the Project and a recorded copy shall be provided to HUD.
10. This Declaration shall not be amended, modified or released without the prior written consent of HUD.
11. Upon expiration of the period during which the Project is required to be operated and maintained as public housing in accordance with the Applicable Public Housing Requirements, or otherwise upon HUD's approval to release this Declaration, HUD will execute a release of this Declaration by an instrument to be recorded in the appropriate land records (the “Release”). The Release shall be prepared by the Authority or the Owner (in the case of Mixed Finance Development or Mixed Finance Operating Funds Only) and recorded at the expense of Authority or Owner (in the case of Mixed Finance Development or Mixed Finance Operating Funds Only) and a copy provided to HUD.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

[signature page to Mixed Finance Regulatory & Operating Agreement]

IN WITNESS WHEREOF, the Authority and the Owner (in the case of Mixed Finance Development or Mixed Finance Operating Funds Only) have caused this Declaration to be executed by their duly authorized officers for proper recording in the public records.

HOUSING AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a public body, corporate and politic

By: _____
Name: Maria Razo
Title: Executive Director

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF)

On _____, 2025 before me, _____, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

IN WITNESS WHEREOF, the Authority and the Owner (in the case of Mixed Finance Development or Mixed Finance Operating Funds Only) have caused this Declaration to be executed by their duly authorized officers for proper recording in the public records.

OWNER:

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company
its general partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF)

On _____, 2025 before me, _____, personally appeared Michael Finn, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

Legal Description of Project

[TO BE INSERTED]

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

Recorder's Stamp

**REGULATORY AND OPERATING AGREEMENT
[Arrowhead Grove Phase IV]**

THIS REGULATORY AND OPERATING AGREEMENT (the "Agreement") is entered into as of this ____ day of _____, 2025, by and between the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO (the "Authority"), a public body corporate and politic organized under the laws of the State of California, and a "public housing agency" as defined in the United States Housing Act of 1937 (42 U.S.C. §1437, *et seq.*, as amended) (the "Act") and ARROWHEAD GROVE PHASE 4 LP (the "Owner"), a limited partnership organized and existing under the laws of the State of California.

RECITALS

WHEREAS, the Authority and the United States Department of Housing and Urban Development ("HUD") have entered into a Consolidated Annual Contributions Contract ("ACC"), as the same may be amended from time to time, which provides for grants and annual contributions to be made by HUD to assist the Authority in developing, operating and maintaining its public housing units in accordance with all applicable public housing requirements (as further defined herein); and

WHEREAS, HUD and the Authority have, as of the date of execution of this Agreement, entered into a certain Mixed Finance Amendment, Amendment No. [____] to the ACC ("Mixed Finance ACC Amendment"), adding 91 public housing units and associated appurtenances to the ACC under project number CA19000182 (which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances shall hereafter collectively be referred to as the "Project" or the "Project Units"); and

WHEREAS, the Project is part of a larger complex known Arrowhead Grove Phase IV and located at 363 Elm Circle, San Bernadino, California (the "Development"), as more particularly described in Exhibit A hereto; and

WHEREAS, the Authority and Owner intend that, in addition to the Project Units, all of the dwelling units in the Development shall be qualified low-income housing units under section 42 of the Internal Revenue Code of 1986 ("Tax Credit Units") in accordance with an agreement, of even date herewith, for a period of not less than the applicable compliance period and one (1) of the dwelling units in the Development shall be rented to a property manager; and

WHEREAS, the Authority has agreed to provide the Owner with operating subsidy assistance derived under section 9(e) of the Act ("Operating Subsidy"), and pursuant to its ACC with HUD, to assist the Owner in maintaining the low income character of the Project Units; and

WHEREAS, in return for the receipt of such assistance, the Owner has agreed to develop, operate and maintain the Project in accordance with all applicable public housing requirements, as defined herein; and

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties do hereby agree as follows:

The aforementioned recitals are incorporated by reference into this Agreement.

ARTICLE 1 DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth herein:

- ACC:** **The Consolidated Annual Contributions Contract between HUD and the Authority, dated as of June 27, 1962, as amended by the Mixed Finance ACC Amendment, dated of even date herewith and incorporating the Project Units, as the same may be further amended from time to time.**
- Act:** **The United States Housing Act of 1937 (42 U.S.C. § 1437, *et seq.*), as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.**
- Applicable Public Housing Requirements:** **All requirements applicable to public housing, including, but not limited to, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, HUD Notices, the HUD-approved Declaration of Restrictive Covenants in favor of HUD, the Authority's admissions and occupancy policies applicable to the Project, as set forth in its PHA Plan, and all applicable Federal statutory, executive order and regulatory**

requirements, as those requirements may be amended from time to time.

Authority Admissions and Occupancy Policies	The Authority's standard public housing admissions and occupancy policies duly adopted and in accordance with all applicable Federal laws, including but not limited to the laws described in Article 5 of this Agreement (collectively, the "Fair Housing Laws"), and consistent with the policies set forth in the Authority's Plan; <i>provided, however</i> , that the Authority may adopt modifications of its standard public housing admissions and occupancy policies for purposes of its mixed finance projects generally, or specifically for the Project, to the extent these modifications conform with the Fair Housing Laws, provide tenants with the advance notice and comment rights afforded by 24 CFR §§ 966.3 and 966.52.
Declaration:	The declaration of restrictive covenants required by HUD to be recorded against the Project prior to any mortgage(s) or other encumbrance(s) against the Property.
Development:	The 92-unit rental housing complex, including 91 public housing units (i.e., "Project Units") and one manager's unit, to be developed and operated by the Owner on the Development Site.
Development Site:	The real property described in Exhibit A herein.
Development Fiscal Year:	The fiscal year of the Owner, which is [January 1 through December 31.]
Plan:	The Authority's PHA Agency Plan, and any amendments to the Plan, submitted by the Authority in accordance with 24 CFR part 903 and approved by HUD.
Project:	All real and personal property associated with the Project Units, and any appurtenances thereto, and that is subject to the ACC entered into between the Authority and HUD.
Project Units:	91 of the dwelling units in the Development that are subject to an ACC between the Authority and HUD.
Proposal:	The Authority's mixed finance proposal under 24 CFR part 941 (subpart F) submitted in connection with the Project, and approved by HUD.
Tax Credit Units:	All of the dwelling units in the Development qualified as low-income housing units under section 42 of the Internal Revenue Code of 1986 ("Section 42") in accordance with an agreement, of

even date herewith, for a period of not less than the applicable compliance period.

ARTICLE 2 PROJECT UNITS

2.1 **Operation of the Project Units.** During the term of this Agreement, Owner shall develop the Project Units, and operate the Project Units for occupancy by public housing-eligible households at rents and subject to all other conditions of the Applicable Public Housing Requirements. Provided that Owner continues operating the Public Housing Units in accordance with the Applicable Public Housing Requirements, and in accordance with the terms of this Agreement, such units shall be eligible to receive the benefit of Operating Subsidy to the extent such funds are appropriated by the Congress and otherwise made available to the Authority pursuant to Section 9(e) of the Act, or pursuant to any successor legislation.

2.2 **Number of Project Units and Bedrooms.** Owner shall develop and operate 91 Project Units consisting of 183 total bedrooms, and having the following bedroom configurations: 22 one-bedroom units; 46 two-bedroom units, and 23 three-bedroom units.

2.3 **Monitoring by the Authority.** Notwithstanding Owner's agreement to perform the obligations set forth in this Agreement, the Authority remains legally responsible to HUD under the ACC for ensuring that Owner (either directly or through its general contractor, management agent, or other agent) develops, operates and maintains the Project Units in accordance with the Applicable Public Housing Requirements. The Authority additionally shall monitor Owner's performance for compliance with prevailing State and local laws relating to public housing.

ARTICLE 3 OPERATION OF PROJECT

3.1 **General Obligation to Operate Consistent with the Applicable Public Housing Requirements and Agreements.** Owner shall maintain and operate the Project in compliance with the Applicable Public Housing Requirements. In addition, Owner shall maintain and operate the Project in accordance with this Agreement and any other agreement entered into by the Owner, and approved by the Authority and HUD, with respect to the development, operation and/or maintenance of the Development (collectively, the "Development Documents"). Owner shall also perform any and all acts required to enable the Authority to fulfill its obligations to HUD with respect to the Project Units. Owner shall take all actions necessary and appropriate to avoid a default (as defined in the ACC) with respect to the Project.

3.2 **Authority Admissions and Occupancy Policies.** Owner agrees to operate and maintain the Project in accordance with the Authority's Admissions and Occupancy Policies, as that term is defined herein.

3.3 Prevailing Law. In the event of a conflict or inconsistency among any one or more of the Applicable Public Housing Requirements and a requirement contained in any Development Document, the Applicable Public Housing Requirements shall in all instances be controlling.

3.4 Management. (a) Owner will select, with the Authority's prior written approval, a Management Agent to manage and operate the Development (the "Management Agent").

(b) Owner will retain the Management Agent pursuant to a management agreement approved in writing by the Authority (the "Management Agreement"). The Management Agreement will provide that the Management Agent will be responsible to Owner for managing and operating the Project in accordance with the terms of this Agreement. Owner will ensure that the Management Agreement includes as a basis for default the Management Agent's failure to comply with any provision of, or obligation under, this Agreement.

(d) The Management Agreement will provide the Authority, HUD, the Comptroller General of the United States, and any of their authorized agents, access to all books and records maintained by the Management Agent and/or its agents relating to the Development, its activities as Management Agent for the Development, or otherwise as necessary in connection with any allocation of the costs, expenses, or income connected with the Development. Such books and records will be made available for review, excerpt, transcript, copying and audit at all reasonable times.

3.5 Maintenance of Records. (a) **The Authority shall remain responsible for maintaining sufficient records, and to take necessary action(s), to assure HUD that all Authority obligations to HUD under the Applicable Public Housing Requirements are fulfilled. However, where the ACC or other Applicable Public Housing Requirements require the Authority to furnish reports, records, statements, certificates, documents or other information to HUD regarding the Project, the Owner shall furnish such reports, records, statements, certificates, documents or other information to the Authority or otherwise satisfy the Authority's requests with respect to such matters, upon reasonable notice. Nothing contained in this section shall be construed to relieve Owner of its obligation to maintain its own books and records.**

(b) It shall be the responsibility of Owner to maintain sufficient records, and to take necessary action(s) to assure compliance with all obligations relating to the Project under the Development Documents. Owner shall furnish reports, records, statements, certificates, documents or other information as necessary in order to comply with the requirements of this provision.

3.6 Tenant Leases. **Tenant leases for families that will reside in the Project Units must conform to the Applicable Public Housing Requirements including, but not limited to, HUD's implementing regulations at 24 CFR part 966, Subpart A, as may be amended from time to time. Such lease form must conform to the standard lease form adopted and used**

by the Authority with respect to its public housing residents, unless the Authority first provides at least 30 days notice to tenants and resident organizations of the proposed changes to the lease form and an opportunity to provide written comments, as provided by 24 CFR § 966.3 (or any successor provision). It shall be the responsibility of the Owner to revise the tenant lease as required by changes in the Applicable Public Housing Requirements and applicable state law.

3.7 Grievance Procedures. Grievance procedures for applicants to, and tenants in, the Project Units must conform to the Applicable Public Housing Requirements including, but not limited to, HUD's implementing regulations at 24 CFR part 966, Subpart B, as may be amended from time to time. Such grievance procedures must also conform to the Authority's standard public housing grievance procedures, unless the Authority first provides at least 30 days advance notice to tenants and resident organizations of the proposed changes to the grievance procedures and an opportunity to provide written comments, as provided by 24 CFR § 966.52 (or any successor provision).

ARTICLE 4 OPERATING SUBSIDY

4.1 Generally.

(a) Definitions.

- (i) "Allowed Development Expenses" shall mean all necessary and reasonable operating expenses of the Development for any period, including: (A) all ordinary and necessary expenses of operations of the Development shown as line items on Form HUD-52564 (Budget Worksheet), exclusive of real estate taxes and debt service requirements of any lender (including the Authority) and exclusive of utility expenses which are the direct responsibility of the tenant; (B) management fees payable under the Management Agreement; (C) legal expenses associated with the operation of the Development and accounting and audit expenses, including tax return preparation expenses, permitted to be charged as project expenses pursuant to HUD Handbook 4370.2 REV-1, Financial Operations and Account Procedures for Insured Multifamily Projects, or any successor thereto; and (D) reserves for replacements and for such other purposes as may be approved by the Authority and HUD. The term "Development Expenses" expressly excludes the initial funding of any replacement or operating reserve established herein, and any initial operating deficits of the Development.
- (ii) "Authority Percentage" shall mean the higher of: (A) the number of Project Units, divided by the total number of units in the Development; and (B) the net rentable square feet of the Project Units divided by the net rentable square feet of all units in the Development. Any change in the "Authority Percentage" resulting from a change in the composition of the units comprising the Project Units permitted by this section shall become effective for the Authority Fiscal Year following the year in which sum changes occur.

- (iii) "Project Unit Expenses" shall mean: (A) Development Expenses multiplied by the Authority Percentage, plus (B) the portion of any payment in lieu of real estate taxes to be paid with respect to the Project Units, if any, made by the Owner and not paid directly by the Authority; plus (C) amounts payable to Project Unit occupants as utility reimbursement (i.e., "negative rent"); provided, however, that if any line item expense shall be included in Estimated Project Unit Expenses on the basis of a percentage other than the Authority Percentage, then such expense shall be included in Project Unit Expenses on the basis of the same percentage
- (iv) "Project Unit Income" shall mean all income received with respect to the Project Units, including tenant rents or carrying charges and any other sources of income anticipated with respect to the Project Units, including all types of revenue shown as line items on Form HUD 92547-A, but exclusive of Operating Subsidy.
- (v) "Estimated Allowed Development Expenses," "Estimated Project Unit Expenses," and "Estimated Project Unit Income" shall mean the estimated amounts of such items for any period determined in accordance with subsection (b) hereof.
- (b) Not later than 30 days prior to the anticipated date of first availability for occupancy of any unit of the Development, and not later than 30 days before the first day of any subsequent Authority Fiscal Year, the Owner shall submit to the Authority its proposed Operating Budget for the following Authority Fiscal Year (or, in the case of the year in which first availability of occupancy occurs, the remainder thereof). The Operating Budget shall project Estimated Allowed Development Expenses, Estimated Project Unit Expenses, and Estimated Project Unit Income for the subject period, subject to the following conditions:
 - (i) Estimated Allowed Development Expenses shall be as reasonably estimated by the Owner. The Authority may comment upon and propose changes to the Estimated Allowed Development Expenses set forth in the Operating Budget submitted by the Owner, but the Owner shall not be required to reduce any estimated expense below the Development-wide amount for such expenditure reasonably anticipated by the Owner for the period. However, the portion of any line item within the Estimated Allowed Development Expenses, including the Estimated Project Unit Expenses, shall be altered from the Authority Percentage if either the Authority or the Owner demonstrates satisfactorily that allocation of such item to the Project Units on the basis of the Authority Percentage is inappropriate (e.g., marketing and advertising costs, if such relate solely or preponderantly to the market rate units).
 - (ii) For the period in which first occupancy of the Development is anticipated to occur, Estimated Project Unit Income shall be determined on the basis of assumed tenant rent collections for each unit size equal to the average tenant rent collections for all units of comparable size owned and

administered by the Authority in the most recent annual or semi-annual period for which such statistics are available at the time of Owner's submission of the Operating Budget for such period to the Authority. For each subsequent Authority Fiscal Year, Estimated Project Unit Income shall be determined on the basis of the aggregate tenant rents actually collected for all Project Units during the first nine months of the preceding Authority Fiscal Year. Notwithstanding the foregoing, with respect to any Authority Fiscal Year, Owner and the Authority may agree to project Estimated Project Unit Income at a level different from that which would otherwise be established pursuant to the preceding sentence, taking into account: (A) the reasonably anticipated level of incomes of tenants anticipated to be admitted to the Project Assisted Units during such period, based on anticipated turnover and the admissions policies set forth in the Authority Admissions and Occupancy Policies; and (B) reasonably anticipated increases in the levels of existing tenants based on tenant participation in employment training and other supportive service programs.

- (iii) **During each Authority Fiscal Year commencing with the Authority Fiscal Year in which the Project becomes eligible for Operating Subsidy pursuant to 24 CFR § 905, the Authority shall pay to the Owner an Operating Subsidy payment equal to:** (A) Estimated Project Unit Expenses for such period, less (B) Estimated Project Unit Income for the period (such amount with respect to any period being referred to herein as the "Operating Subsidy Requirement"). The Authority shall pay to Owner, on the first day of each month of an Authority Fiscal Year, one-twelfth (1/12th) of the Operating Subsidy Requirement for such Authority Fiscal Year; provided, however, that Owner and the Authority may agree, upon determination of the Operating Budget and Operating Subsidy Requirement for any Authority Fiscal Year, to provide for unequal monthly payments for such year.
- (iv) **All payments of Operating Subsidy received by Owner from the Authority, shall be deposited by Owner in an operating account maintained in a financial institution whose deposits are insured by an agency of the Federal Government. Owner shall also cause all receipts derived from the Project Units, including tenant rents, carrying charges and other revenues, to be deposited into such operating account.**

4.2 Reserve for Replacement.

(a) Establishment and Administration. The Authority shall authorize and fund an interest-bearing project reserve fund for capital replacements with respect to the Project Units (the "Reserve for Replacement"). The Authority shall pay to Owner from Operating Subsidy an

amount equal to [Five Hundred dollars (\$500)] per Project Unit per year, which amount the Authority shall deposit, monthly, into the Reserve for Replacement. The Reserve for Replacement shall be held in one or more financial institutions whose deposits are insured by an agency of the Federal Government, in accordance with the ACC. Income earned from the Reserve for Replacement will be retained in the Reserve for Replacement and will be deemed a part thereof.

(b) **Records.** Owner must maintain accurate and complete records identifying the source, amount and use of all funds in the Reserve for Replacement (funded with Operating Subsidy or Public Housing Tenants' rents), including any public housing operating subsidies and any income earned thereon.

(c) **Purpose.** Funds held in the Reserve for Replacement shall be used by Owner and shall be used for the purpose of replacing capital assets or providing capital improvements in connection with the Development, as approved by the Authority.

(d) **Disbursements.** Disbursements from the Reserve for Replacement shall be made either in accordance with the Owner's plan as included in the approved Operating Budget, as approved in writing by the Authority, or for unanticipated disbursements, only with the written approval of the Authority.

(e) **Effect of disposition or dissolution.** In the event of a disposition of the Development by sale, lease, assignment, foreclosure or otherwise, or upon the dissolution of the Owner, any funds remaining in the Reserve for Replacement will be transferred to the new owner or otherwise continue to be used in connection with the Development in accordance with the terms of this Agreement including, but not limited to, the requirements of this section 4.5. Upon the occurrence of a casualty or condemnation (without restoration), of all of the Project Units, all funds remaining in the Reserve for Replacement (including any income earned thereon) will be returned to the Authority for use in carrying out other low income housing activities.

4.3 **Operating Reserves.**

(a) **Establishment and Administration.** The parties agree that Owner shall establish and fund the following operating reserves for the Project Units (collectively, the "Operating Reserves"):

(i) an operating deficit reserve to be initially funded in the amount of Four Hundred Fifty-Seven Thousand Three Hundred and Thirty-Nine dollars (\$457,339) (the "Operating Deficit Reserve"). The Operating Deficit Reserve is designed to ensure that any operating deficits (other than operating deficits resulting from the Authority's failure to provide Operating Subsidy payments, as provided herein) can be paid for in the normal course of operating the Project. Funds in the Operating Deficit Reserve can be used by the Owner only for the following purposes: (i) to pay eligible expenses not encompassed by the Operating Budget, or (ii) because of an operating deficit caused by lower-than-projected public housing tenant rental contributions. **The Authority may provide Operating Subsidy or tenant rental contributions to replenish**

amounts drawn down by the Owner to pay for the reasonable and necessary operating deficits of the Project, but may not use these funding sources to make incremental contributions to the Operating Deficit Reserve.

(ii) an affordability reserve to be initially funded in the amount of Zero dollars (\$0) (the “Affordability Reserve”). The Affordability Reserve is intended to ensure that the Authority's Operating Subsidy obligation on behalf of the Project Units is made available to the Owner on time, and in the amount, as required by section 4.1. **Operating Subsidy and/or tenant rental contributions may be used to replenish amounts drawn down from the Affordability Reserve with respect to the Project Units, but may not be used to make incremental contributions to the Affordability Reserve.** Owner may, with the prior written notification to the Authority, make a withdrawal from the Affordability Reserve for either of the following two reasons:

- (A) if the Authority fails to provide, by the due date, the amount of Operating Subsidy required under section 4.1 because of a reduction in annual appropriations under section 9(e) of the Act. In this case, Owner may obtain a disbursement from the Affordability Reserve in an amount equal to the sum of the Authority’s missed operating subsidy payment(s); or
- (B) if the Authority's payment of Operating Subsidy to Owner falls below a pre-determined baseline figure, as adjusted for inflation, and as approved by the Authority and HUD. In such case, Owner may obtain a disbursement from the Affordability Reserve in an amount equal to the sum of such shortfall.

(iii) the Operating Reserves shall be held in one or more financial institutions whose deposits are insured by an agency of the Federal Government, in accordance with the ACC.

(iv) **Records.** Owner must maintain accurate and complete records identifying the source, amount and use of all funds in the Operating Reserves, including any Operating Subsidy. Owner may not commingle non-Project funds with Project funds.

(v) **Effect of disposition or dissolution.** In the event of a disposition of the Development by sale, lease, assignment, foreclosure or otherwise, or upon the dissolution of Owner, any funds remaining in the Operating Reserves (funded with Operating Subsidy or Public Housing Tenants’ rents) will be transferred to the new owner or continue to be used in connection with the Project in accordance with this Agreement including, but not limited to, the requirements of this section 4.3. Upon the occurrence of a casualty or condemnation (without restoration), of all of the Project Units, all funds remaining in the Operating Reserves (including any income earned thereon) will be returned to the Authority for use in carrying out other low income housing activities.

4.4 Remedial Actions.

(a) If, in the reasonable judgment of Owner and the Authority, the Estimated Project Unit Income, together with Operating Subsidy, will be insufficient to operate the Development as

Commented [AN1]: DRAFT MFDP references an MTW Hardship Reserve of \$10,000. What is the purpose of this reserve? Does it operate as an affordability reserve or should be documented separately?

contemplated herein for a period of two (2) years, the Authority and Owner agree to undertake the following measures, or such other measures as are permitted by law and included in an approved Action Plan (as defined in subsection (c) below):

- (i) Develop a Cost Cutting Plan. Owner and the Authority shall undertake in good faith to develop a cost-cutting plan to reduce unnecessary Project Expenses;
 - (ii) Enforce Leases. Confirm that Owner is enforcing the provisions of resident leases which provide for termination of the tenancy of residents who are in default under their leases, for among other reasons failing to comply with the self-sufficiency requirements, community participation, or the "one strike" provisions of their leases;
 - (iii) Turnover of Public Housing Units. Owner shall lease Project Units, on turnover, to residents who have been selected in accordance with screening criteria approved by the Authority and Owner and consistent with the Authorized Admissions and Occupancy Policies;
 - (iv) Increase in Minimum Rents. Owner and the Authority shall determine whether it is advisable to increase minimum rents to the maximum amount allowed by the Applicable Housing Requirements; and
 - (v) Use of Operating Reserves. In the event that the remedies set forth in subsections (i), (ii), (iii), and (iv) above are not projected to generate sufficient Project Unit Income, when added to Operating Subsidy, to pay Project Unit Expenses in any Development Fiscal Year, then any shortfall may be covered from the Operating Deficit Reserve or from the Affordability Reserve (depending upon the cause of the shortfall).
- (b) Action Plan. Prior to undertaking remedies not set forth in section 4.4(a), Owner shall develop a plan of action ("Action Plan") to increase Project Unit Income and/or decrease Project Unit Expenses to sustain the viability of the Project without violating the Applicable Public Housing Requirements. The Action Plan will set forth in detail the nature and priority of different remedial actions to be taken, the rights of existing residents affected thereby, and other relevant matters.

(c) Public Housing Transformation Remedies.

- (i) **Nothing contained herein shall prevent or diminish the full application to the Project Units of any legislation enacted after the date hereof which provides for the termination of operating subsidies under section 9(e) of the Act, or successor provision, including, without limitation, any provision thereof releasing or otherwise modifying occupancy or tenant rent restrictions previously applicable to units in such developments.**
- (ii) **In accordance with section 35(h) of the Act (42 U.S.C. 1437z-7(h)), if, as a result of a reduction in appropriations under section 9 of the Act, or any other change**

in applicable law, the Authority is unable to fulfill its contractual obligations to Owner with respect to the Project Units under this Agreement, and the measures taken pursuant to paragraph (a) of this section have proven to be insufficient to preserve the viability of the Project Units, the Owner may deviate, under procedures and requirements developed through regulations by HUD, from otherwise applicable restrictions under the Act regarding rents, income eligibility and other areas of public housing management with respect to a portion or all of the Project Units, to the extent necessary to preserve the viability of these Project Units while maintaining the low income character of the Project Units to the maximum extent practicable, *provided, however:*

- (A) the flexibility provided by section 35(h) of the Act is limited to mixed income projects involving a "significant number of units other than public housing units." HUD has not issued regulations as of this time to implement the authority set forth in section 35(h) and, thus, has not yet established a regulatory standard for determining which mixed income developments may qualify for the flexibility provided by section 35(h);
- (B) HUD expects to require housing authorities that have entered into regulatory and operating agreements with qualifying mixed income developments to submit for HUD approval a transformation plan specifying how the section 35(h) remedies will be implemented with respect to the project. The requirements governing the content of the transformation plan, and HUD's standards for reviewing and approving these plans, will be established as part of a notice and comment rulemaking.

(d) Exclusive Remedies. The remedies set forth in this Article 4 shall constitute Owner's sole remedies against the Authority in the event the Authority is unable, for reasons beyond the Authority's control, to provide Owner with the amount of Operating Subsidy set forth in this Agreement, subject only to the Authority's obligation to treat the Project Units in a manner comparable to its other public housing projects.

ARTICLE (5) COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS

5.1 Compliance with Federal and State Regulations. Owner's obligation to comply with Applicable Public Housing Requirements includes, but is not limited to, compliance with the following authorities, as the same may be amended from time to time:

- (a) The Fair Housing Act, 42 U.S.C. §§3601-19, and regulations issued thereunder,

24 CFR part 100; Executive Order 11063 (Equal Opportunity in Housing) and regulations issued thereunder, 24 CFR part 107; the fair housing poster regulations, 24 CFR part 110, and advertising guidelines, 24 CFR part 109.

(b) Title VI of the Civil Rights Act of 1964, 42 U.S.C. §2000d, and regulations issued thereunder relating to nondiscrimination in housing, 24 CFR part 1.

(c) Age Discrimination Act of 1975, 42 U.S.C. §§6101-07, and regulations issued thereunder, 24 CFR part 146.

(d) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794, and regulations issued thereunder, 24 CFR part 8; the Americans with Disabilities Act, 42 U.S.C. §§12181-89, and regulations issued thereunder, 28 CFR part 36.

(d) Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. § 1701, and its implementing regulations at 24 CFR part 75.

(e) Wage Rates under the Davis-Bacon Act (40 U.S.C. §276a *et seq.*).

5.2 Uniform Administrative Requirements & Cost Principles. Owner shall comply with the policies, guidelines, and requirements of 2 CFR part 200, to the extent applicable.

5.3 Records For Audit Purposes. Without limitation on any other provision of this Agreement, Owner shall maintain all records concerning the Project for three (3) years subsequent to the expiration date of this Agreement, unless a longer period is required under 2 CFR part 200. Owner shall maintain records required by 24 CFR part 75 for the period that HUD requires such records to be maintained. Owner will give the Authority, HUD, the Comptroller General of the United States, the General Accounting Office, or any of their authorized representatives, access to and the right to examine, copy, or otherwise reproduce all records pertaining to the development, operation or management of the Project. The right to such access shall continue as long as the records are retained, even if such period exceeds the mandatory three-year retention period.

5.4 Audits. Not later than 120 days after the end of each Development Fiscal Year, Owner shall deliver to the Authority and, on behalf of the Authority, to HUD, a copy of the audited financial statements of Owner for the preceding Development Fiscal Year, prepared in accordance with generally accepted accounting principles and accompanied by the report of an independent certified public accountant, together with a copy of any additional financial statements or reports delivered by Owner to its partners, or other ownership entities.

5.5 Authority Default under the ACC. Authority covenants to provide Owner, within 15 days of receipt, with a copy of any written notice of default given by HUD under the ACC with respect to the Project.

ARTICLE (6)

OWNER DEFAULT AND REMEDIES

6.1 Occurrence of Default. A default under this Agreement shall occur if either party hereto violates, breaches, or fails to comply with any provision of, or obligation under, this Agreement (including, without limitation, by reason of its violation, breach, or failure to comply with any portion of the Applicable Public Housing Requirements). A default by Owner that is attributable to an action or omission, or assertion or demonstration of an intended action or omission, of a Management Agent shall be deemed a default by Owner for purposes of this section (unless said Management Agent is an affiliate of the Authority) except to the extent that Owner diligently is pursuing the remedies available to Owner for such a default in accordance with the provisions of the Management Agreement as then in force.

6.2 Notice of Default. Upon a determination that a default has occurred, the non-defaulting party shall notify the defaulting party in writing (with a copy to HUD) of (a) the nature of the default, (b) the actions required to be taken to cure the default, and (c) the time within which the defaulting party shall respond with a showing that all required actions have been taken. If the default is attributable to the Management Agent, the Authority also shall give a copy of such notice to the Management Agent.

6.3 Remedies. If a defaulting party (or, as applicable, the Management Agent) fails to respond or take corrective action, the non-defaulting party shall have the right to exercise any remedy available to it by reason of the nature of such default, or to seek appropriate relief in any court having jurisdiction, including but not limited to specific performance, injunctive relief, the termination of operating subsidies for the Project Units under this Agreement, and/or the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement. As provided in Section 12(C) of the Mixed Finance ACC Amendment, during the term of this Agreement, and so long as the Owner shall not be in default under the ACC, HUD shall exercise any remedies or sanctions authorized under the ACC, including taking possession of the Authority's interest in the Project, in such a manner as not to disturb the Owner's rights under this Agreement.

ARTICLE (7) MANDATORY DISCLAIMERS

7.1 Transfer of Grant Funds Not Deemed Assignment. The Authority and Owner acknowledge that the proposed transfer to Owner, or to any other participating party, of public housing capital and/or operating subsidies, as described in this Agreement, shall not be deemed to be an assignment of such funds. Accordingly, neither Owner, nor any other participating party, shall succeed to any rights or benefits of the Authority under the ACC or attain any privileges, authorities, interests, or rights in or under the ACC. Owner further agrees to include this disclaimer in each of its agreements or contracts with any partner, participating party, or any other party involving the use of public housing funds for the Project.

7.2 Transferred Grant Funds Not Deemed To Create Partnership With HUD.

Nothing contained in the ACC or the HOPE VI grant agreement, as applicable, or in any agreement between the Authority and Owner, nor any act of HUD or the Authority, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture involving HUD.

ARTICLE (8)

INSURANCE REQUIREMENTS AND RESTORATION OF DEVELOPMENT

8.1 Owner shall procure and maintain in force adequate insurance to protect Owner and the Authority from financial loss resulting from hazards, including, without limitation, hazards insured against under such types of coverages as are required by [Part B, Attachment VII, of the ACC], or if stricter, such coverages, and in such amounts, as may be required by other lenders, and such other hazards as to which Owner determines that exposure exists.

Commented [EA2]: Confirm

8.2 If any act or occurrence of any kind or nature (including any taking by condemnation or any casualty) shall result in damage to or loss or destruction of the Project, in whole or in part, Owner, to the extent that insurance proceeds or condemnation proceeds and other funds, if any, made available by Owner, by the Authority, or by any other participating party (including, without limitation, any other funds committed on behalf of the Project) permit, shall promptly cause the restoration, reconstruction, or repair of the Project as nearly as possible to its value, condition and character immediately prior to such taking or casualty. Any other funds committed on behalf of the Project must contain provisions requiring restoration consistent with the foregoing, so long as restoration shall be determined to be feasible, as approved by HUD in accordance with the requirements of the Mixed Finance ACC Amendment. If HUD determines that partial or total restoration of the Project is not feasible, then such insurance or condemnation proceeds shall be applied (and the number and percentage of Project Units that must continue to be operated in accordance with the ACC shall be determined) in accordance with the Mixed Finance ACC Amendment and the loan documents. To the extent of a conflict between the ACC and the loan documents, the ACC shall in all instances be controlling.

ARTICLE (9)

DISPOSITION AND ENCUMBRANCE

9.1 During the term of this Agreement and during such further period when such approval may be required by law as then in effect, and subject to subsection 9.3 hereof, Owner shall not demolish or dispose of its interest in the Project Units (including, without limitation, by conveyance or lease of the Project or any portion thereof, or by assignment of Owner's rights under this Agreement), without the prior written approval of the Authority and HUD.

9.2 During the term of this Agreement, and subject to subsection 9.3 hereof, the Owner shall not mortgage, pledge, or otherwise encumber its interest, or any portion thereof, in the Project Units, or pledge any assets of the Project as collateral for a loan, without the prior written approval of the Authority and HUD.

9.3 The following actions are expressly excluded from the covenants set forth in subsections 9.1 and 9.2 hereof:

(a) Mortgage of Owner's interest in the Project pursuant to any loan approved by the Authority, and transfer of the Project to the mortgagee under any HUD-approved mortgage loan or loan approved by the Authority, by foreclosure or deed-in-lieu of foreclosure, or to a third-party purchaser pursuant to a foreclosure sale, provided that any such transfer shall be subject to the terms of the Declaration and this Agreement.

(b) Dwelling leases with eligible families for the Project Units.

(c) Conveyance or dedication of land for use as streets, alleys, or other public rights-of-way, and grants and easements for the establishment, operation, and maintenance of public utilities.

(d) Normal uses and encumbrances associated with the operation of the Project.

9.4 (a) No transfer, conveyance, or assignment shall be made without the prior written approval of HUD of: (i) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a "Controlling Interest") of the Owner; or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Owner; or (iii) prior to the payment in full of all equity contributions described in the approved evidentiary documents listed in the Mixed Finance ACC Amendment, any other interest in the Owner, or in any partner or member thereof.

(b) Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner transfers a non-controlling and non-managing interest in the business organization provided that the Owner: (i) provides HUD with written notice of such transfer; and (ii) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the terms of the HUD-approved organizational documents of the Owner.

(c) HUD will not unreasonably withhold, delay, or condition a request by the Owner for HUD's consent to an internal reorganization of the corporate or partnership structure of the Owner or any of the partners, members or stockholders of the Owner.

ARTICLE (10) MISCELLANEOUS

10.1 Term of Agreement. This Agreement shall continue in full force and effect until the later to occur of: (i) expiration of the minimum period during which the Project Units are required by law to be operated as public housing in accordance with the Act; or (ii) the expiration of 40 years from the date the Project becomes available for occupancy.

10.2 Successors and Assigns: Prohibition of Assignment Without HUD Consent. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties, except that Owner may not assign its interest in this Agreement without the prior written consent of the Authority and HUD. Any attempted assignment by Owner without such consents will be null and void.

10.3 Preservation of Rights and Remedies. No delay or omission by either party in exercising any right or remedy available hereunder shall impair any such right or remedy or constitute a waiver thereof in the event of any subsequent occasion giving rise to such right or availability of remedy, whether of a similar or dissimilar nature.

10.4 Amendment. This Agreement may be amended by mutual agreement of the Authority and Owner, subject to prior written approval by HUD and provided that all amendments must be in writing and signed by both parties and that no amendment shall impair the obligations of the Authority or Owner to develop and operate the Project Units in accordance with all Applicable Public Housing Requirements.

10.5 Notice. Any notice or other communication given or made pursuant to this Agreement shall be in writing and shall be deemed given if (a) delivered personally or by courier, (b) sent by overnight express delivery, or (c) mailed by registered or certified mail (return receipt requested), postage prepaid, to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party);

If to the Authority

Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

If to Owner:

Arrowhead Grove Phase 4 LP
c/o National Community Renaissance of California
9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attn: CFO
Email: mfinn@nationalcore.org

with copies to:

National Community Renaissance of California
9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attn: General Counsel
Email: rdiaz@nationalcore.org

Klein Hornig LLP
1325 G Street NW, Suite 770
Washington, DC 20005
Attn: Jessica G. Worthington
Email: jworthington@kleinhornig.com

If to HUD:

**United States Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410
Attn: Assistant Secretary of Public and Indian Housing**

All such notices and other communications shall be deemed given on the date of personal or local courier delivery, delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been received in the case of personal or local courier deliver, on the date of such delivery, in the case of delivery by overnight courier or express delivery service, on the date following dispatch, and in the case of mailing, on the date of delivery specified in the receipt therefor.

10.6 Applicable Law. This agreement shall be governed by and construed in accordance with the laws of the State of California.

10.7 Counterparts. This Agreement may be executed in counterparts and all such counterparts shall constitute one single Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written

HOUSING AUTHORITY OF THE COUNTY OF SAN
BERNARDINO, a public body, corporate and politic

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: National Community Renaissance of California,
a California nonprofit public benefit corporation
its sole member and manager

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
COUNTY OF)

On _____, 2025 before me, _____, personally appeared Michael Finn, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

Legal Description of Development

[TO BE INSERTED]

**Mixed-Finance
Development
Certifications & Assurances**

**U.S. Department of Housing
And Urban Development
Office of Public Housing Investments**

OMB Approval No. 2577-0275
(exp. 04/30/2022)

The public reporting burden for this collection of information for the Mixed-Finance Project of Public Housing Units is estimated to average 0.25 hours, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions to reduce this burden, to the Reports Management Officer, Paperwork Reduction Project, to the Office of Information Technology, US. Department of Housing and Urban Development, Washington, DC 20410-3600. When providing comments, please refer to OMB Approval No. 2577-0275. HUD may not conduct and sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

Official Housing Authority Name ("Authority"): Housing Authority of the County of San Bernardino	
Name of the Project Described in the Development Proposal ("Project"): Arrowhead Grove IV	
Name of the Owner Entity of the Project ("Owner Entity"): Arrowhead Grove Phase IV LP, a California limited partnership	
Number of Public Housing Units in the Project ("Public Housing Units"): [91]	PIC Project Number, if Available: CA019000182

THESE CERTIFICATIONS AND ASSURANCES are provided by the Authority to the United States Department of Housing and Urban Development ("HUD") in connection with the above named Project and Public Housing Units contained within, as described in the Development Proposal submitted by the Authority ("Proposal") for the above Project, pursuant to 24 CFR §905.606 or successor regulation. These Certifications and Assurances must be signed by the Authority prior to HUD approval of the Development Proposal. These Certifications and Assurances are in addition to those found in the Mixed-Finance Amendment to the Annual Contributions Contract ("Mixed-Finance Amendment.")

By signing these Certifications and Assurances, the Authority hereby warrants under penalty of perjury, to the best of the Authority's knowledge, information, and belief, that the declarations contained herein are true and correct, and the Authority warrants that:

1. This Certification may not be altered, modified, or rescinded without the prior written approval of HUD;
2. The Project will be included in and be consistent with the Authority's Annual Plan and Capital Funds Program 5-Year Action Plan;
3. The Authority has consulted with affected residents prior to submission of the Development Proposal to solicit resident input into development of the Project as required by 24 CFR 905.600(c)(2);
4. The Authority will comply with Site and Neighborhood Standards in development of the Project as required by 24 CFR 905.602(c);
5. For all acquisition or rehabilitation activities the Authority will comply with relocation requirements as required by 24 CFR 905.308(b)(9);
6. The Authority will ensure that public housing funds committed to the Project are only used to pay for costs associated with the public housing units and that the Project meets the "pro rata test" as required by 24 CFR 905.604(c)(2) and (3);

7. The Authority will ensure that the public housing units developed as part of the Project are comparable in size, location, external appearance and distribution to the non-public housing units and that the project complies with accessibility requirements specified at 24 CFR 905.312 and any other design requirements that apply.
8. The Authority will comply with all environmental regulations found at 24 CFR part 58 or part 50 as they apply to the Project;
9. The Authority has (1) used an open and competitive process to select its partner and/or Owner Entity, and has ensured that there is no conflict of interest involved in its selection of the partner and/or Owner Entity to develop and operate the Project, or (2) an Authority agency or instrumentality was selected, in accordance with 2 CFR part 200, Subpart D, and agrees that it will follow 2 CFR part 200, Subpart D, in the selection of contractors;
10. The Authority will require its selected partner and/or Owner Entity to comply with all applicable State and local procurement and conflict of interest requirements with respect to the selection of entities to assist in the development, as required under 24 CFR 905.604(h) or successor regulation;
11. The Authority will require that if the partner and/or Owner Entity (or any other entity with an identity of interests with such parties) wants to serve as the general contractor for the development of the Project, it may award itself the construction contract only if :
 - a. The identity of interest general contractor's bid is the lowest bid submitted in response to a public request for bids; or,
 - b. The Authority submits a written justification to HUD and provides an independent third-party cost estimate that demonstrates that the identity of interest general contractor's costs are less than or equal to the independent third-party estimate; and,
 - c. HUD approves the identify of interest general contractor in conjunction with HUD's approval of the Development Proposal.
12. The Authority certifies that the Development Proposal submitted to HUD is in compliance with the provisions of 24 CFR 905, subpart F and is an accurate representation of the Project.
13. The Authority assures HUD it has obtained all documents necessary to establish its rights and responsibilities associated with the development and operation of the Project, and warrants that those documents are or will be consistent with the Applicable Public Housing Requirements; such documents shall include, but not be limited to:
 - a. A regulatory and operating agreement between the Authority and Owner Entity that provides binding assurances that the operation of the Public Housing Units will be in accordance with Applicable Public Housing Requirements;
 - b. A partnership, development agreement, or other agreement between any of the participating parties, including an agreement between the Authority and the Owner Entity, its partner, or other participating parties, that establishes the rights and liabilities (financial and otherwise) of the parties;
 - c. A management agreement for the Public Housing units if managed by an entity other than the Authority;
 - d. A Cooperation Agreement or CHAS certification;
 - e. All financing documents, including mortgages, loan agreements or such other documents that evidence the availability of the participating party(ies) financing, the amount and source of financing committed to the Project;

- f. The organizational documents of the Owner Entity;
 - g. Evidence of control of the site by the Authority, Partner, or Owner Entity for such a period of time as required by 42 U.S.C. 1437g;
 - h. Evidence that all applicable permits and zoning requirements are in place or a certification that permits and zoning will be in place prior to construction start;
14. To ensure the irrevocable nature of the committed funds, the PHA shall review the legal documents committing such funds to ensure that the progress milestones and contracts are generally consistent with similar affordable housing transactions; that the Authority and/or its Owner Entity know of no impediments that would prevent the Project from moving forward consistent with the project milestones and conditions precedent; and after conducting sufficient due diligence, that such documents are properly executed by persons or entities legally authorized to bind the entity committing such funds;
 15. The Authority warrants that prior to commencement of construction on the Project that HUD's Declaration of Restrictive Covenants shall be recorded properly under local law and procedures in standard form as the first document recorded against the Project and that the Project will remain available for use by low-income families for the period required by the Act;
 16. The Authority will ensure that operating funds provided under section 9 of the 1937 Act will only be used for eligible activities identified in the Mixed Finance ACC Amendment that describes this Project. Furthermore, the Authority will ensure operating funds are not used for exit taxes in connection with any low income housing tax credit program or to initially fund any operating reserve account. Lastly, the Authority will ensure that operating funds are not used for the payment of debt service without prior HUD approval;
 17. The Authority shall not authorize a mortgage or otherwise grant a security interest in the Project or other property of the Authority, including under section 30 of the Act without prior HUD approval;
 18. The Authority will keep records in accordance with 2 CFR subpart D and facilitate an effective audit to determine compliance with program requirements. All records, including any attachments to this Certification will be available at all times for HUD inspection and review;
 19. There shall be no disposition of the public housing units without the prior written approval of HUD during and for ten years after the end of the period in which the public housing units receive operating subsidy from the Authority. The Authority will ensure that the ownership entity will not, without HUD's prior written approval, transfer any security interest in the ownership entity except for those transfers permitted by the ACC Amendment and Declaration of Restrictive Covenants, which govern such transfers;

IN WITNESS WHEREOF, the Authority has caused these Certifications and Assurances to be duly executed.

Date

Housing Authority of the County of San Bernardino
Authority

By: _____
Name: Anthony Perez
Title: Executive Director

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the
County of San Bernardino
715 East Brier Drive
San Bernardino, California 92408-2841
Attn: Executive Director

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

**SECOND AMENDED AND RESTATED
DECLARATION PROVIDING FOR RECIPROCAL
EASEMENTS**

SECOND AMENDED AND RESTATED DECLARATION PROVIDING FOR RECIPROCAL EASEMENTS

THIS SECOND AMENDED AND RESTATED DECLARATION PROVIDING FOR RECIPROCAL EASEMENTS (this “**Declaration**”) is dated for reference purposes as of [____], 2025, and is made by the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body corporate and politic (the “**Housing Authority**”) on the basis of the following facts, understandings and objectives:

RECITALS

A. The Housing Authority is the owner of fee title to certain real property located within the City of San Bernardino, County of San Bernardino, bounded generally by Baseline Street on the north, Waterman Avenue on the west, Olive Street on the south and La Junta Avenue (a private street) which is owned by the Housing Authority on the east (the “**Site**”) described more specifically in Exhibit A attached hereto and incorporated herein by reference.

B. On or about March 18, 2016, the Housing Authority entered into a long-term ground lease (the “**Olive Meadows Ground Lease**”) for approximately 6.4 acres located in the southeast corner of the Site and bounded by Orange Avenue to the north, Crestview Avenue to the west, Olive Street to the south, and La Junta Avenue to the east, described as Parcel A on Tract Map No. 18829, filed in Book 361 of Tract Maps, pages 66 through 74, inclusive, on December 16, 2021 as Instrument No. 2021-0563577 in the Official Records (the “**Tract Map**”) in the Official Records of San Bernardino County, California (the “**Official Records**”) and as further described on the legal description attached as Exhibit A-1 (the “**Olive Meadows Property**”), with Waterman Gardens Partners 1, L.P., a California limited partnership, (the “**Olive Meadows Partnership**”) as Lessee. The Olive Meadows Ground Lease is evidenced by that certain Memorandum of Ground Lease recorded March 21, 2016 as Instrument No. 2016-0106064 in the Official Records. The Olive Meadows Property is improved with a sixty-two (62)-unit affordable housing community (including one manager’s unit) for rent to persons and families at affordable rents (the “**Olive Meadows Development**”). “Olive Meadows” is formerly known as “Waterman Gardens 1”.

C. At the time of entering into the Olive Meadows Ground Lease, the Housing Authority entered into a Declaration Providing for Reciprocal Easements as consented to by the Olive Meadows Partnership, dated April 1, 2016, and recorded against the Site on April 19, 2016 as Instrument No. 2016-0148598 in the Official Records (the “**Original Declaration**”).

D. On September 30, 2019, the Housing Authority entered into a long-term ground lease (the “**Arrowhead Grove II Ground Lease**”) for approximately 9.03 acres of the Site bounded by Baseline Street to the north, the Phase IV Property and Housing Authority Retained Property (each as defined below) to the west, and Crestview Avenue to the south and east, described as Parcels C and G on the Tract Map and further described on the legal description attached as Exhibit A-2 (the “**Arrowhead Grove II Property**”), with Waterman Gardens Partners 2, L.P., a California limited partnership, (the “**Arrowhead Grove II Partnership**”) as

Lessee. The Arrowhead Grove II Ground Lease is evidenced by that certain Memorandum of Ground Lease recorded October 1, 2019 as Instrument No. 2019-0352082 in the Official Records. The Arrowhead Grove II Property is improved with a one hundred eighty-four (184)-unit affordable housing community (including two (2) manager units) for rent to persons and families at affordable rents (the “**Arrowhead Grove II Development**”). “Arrowhead Grove II” is formally known as “Waterman Gardens 2”.

E. At the time of the execution of the Arrowhead Grove II Ground Lease, the Original Declaration was superseded by an Amended and Restated Declaration Providing for Reciprocal Easements made by the Housing Authority and consented to by the Olive Meadows Partnership and the Arrowhead Grove II Partnership, dated September 30, 2019 and recorded against the Site on October 1, 2019 as Instrument No. 2019-0352083 (the “**First A&R Declaration**”). This Declaration supersedes, amends, and restates in its entirety the First A&R Declaration.

F. Concurrently herewith, the Housing Authority is entering into a long-term ground lease (the “**Phase IV Ground Lease**”) for approximately 4.593 acres of the Site bounded by Parcel F of the Tract Map to the north, Alder Street and Lot 1 of the LLA to the west, Crestview Avenue and Olive Street to the south, and the Arrowhead Grove II Property to the east, described as Lot 1 on the Lot Line Adjustment No. 2024-001, recorded on January 24, 2025 as Instrument No. 2025-0016181 (the “**LLA**”) and as further described on the legal description attached as Exhibit A-3 (the “**Phase IV Property**”), with Arrowhead Grove Phase 4 LP, a California limited partnership, (the “**Phase IV Partnership**”) as Lessee. The Phase IV Partnership intends to redevelop the Phase IV Property into ninety-two (92) multifamily housing units including one (1) manager unit, and related ancillary facilities including but not limited to parking and common spaces (the “**Phase IV Housing Improvements**”), and open space (along with the Phase IV Housing Improvements, the “**Phase IV Development**”). The Olive Meadows Partnership, the Arrowhead Grove II Partnership and the Phase IV Development are each a “**Project Partnership**” and collectively the “**Project Partnerships**”.

G. The balance of the Site described as Lot 2 on the LLA and Parcels B, F and H of the Tract Map and further described on the legal description attached as Exhibit A-4 (the “**Housing Authority Retained Property**”) is in the process of being redeveloped by the Housing Authority and may include future housing developments and shared community space (the “**Future Developments**”). The Housing Authority anticipates that this Declaration will be amended to include the Future Developments, including their share in the obligations set forth in this Declaration, and to provide rights to the Project Users (defined below) to use any future developed community space. The Housing Authority and the Project Partnerships may also in the future form an association including all owners and lessees of portions of the Site to oversee the maintenance of the shared areas of the Site.

H. Access to the various improvements within the Site and to public streets bordering the Site is provided by a series of private streets, including: Orange Avenue, La Junta Avenue, Crestview Avenue, Crestview East, Crestview West and Alder Street (all of such private streets are referred to herein collectively as the “**Private Street Circulation System**”). Public streets surrounding the Site are Waterman Avenue, Baseline Street, and Olive Street. Portions of the

Private Street Circulation System are located on the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, and the Housing Authority Retained Property. The Private Street Circulation System is depicted in Exhibit B attached hereto and incorporated herein by reference.

I. Access is also provided to fire land emergency access lanes (the “**Emergency Access Lanes**”). Portions of the Emergency Access Lanes are located on the Arrowhead Grove II Property, the Phase IV Property, and the Housing Authority Retained Property. The Emergency Access Lanes are depicted in Exhibit B attached hereto and incorporated herein by reference.

J. Various portions of the Housing Authority Retained Property along Crestview Avenue (collectively, the “**HA Parking Property**”) and various portions of the Phase IV Property along Crestview Avenue (collectively, the “**Phase IV Parking Property**”) and, together with the HA Parking Property, the “**Parking Property**”) are developed as parking for the benefit of the Project Users. The Parking Property is depicted as “Reciprocal Parking” on Exhibit B. The Parking Property is improved with forty (40) uncovered parking spaces and seventeen (17) covered parking spaces and attendant landscaping.

K. The Phase IV Partnership will maintain a detention basin (the “**Basin**”) on a portion of the Housing Authority Retained Property located immediately to the west of the Phase IV Property and as further described on the legal description attached as Exhibit A-5 (the “**Basin Property**”). The Basin Property is depicted on Exhibit B.

L. In order to (i) confirm and provide access in favor of the residents, occupants, tenants, visitors, invitees and licensees of the Olive Meadows Development (the “**Olive Meadows Users**”); the residents, occupants, tenants, visitors, invitees and licensees of the Arrowhead Grove II Housing Improvements (the “**Arrowhead Grove II Users**”); and the residents, occupants, tenants, visitors, invitees and licensees of the Phase IV Development (the “**Phase IV Users**”, along with the Olive Meadows Users and the Arrowhead Grove II Users, the “**Project Users**”) over designated portions of the private streets comprising the Private Street Circulation System, the Parking Property and the Basin Property (with respect to the Basin Property, only Phase IV Users and the future users of the Future Developments of the LLA shall have access and rights), and (ii) confirm the general right to use wet and dry utility master loop systems which are located within the Site and within the Olive Meadows Property, the Arrowhead Grove II Property and the Phase IV Property, the Housing Authority desires to subject designated portions of the Site to the easements described in this Declaration for the benefit of the Olive Meadows Partnership, the Arrowhead Grove II Partnership, the Phase IV Partnership and the Project Users.

M. By its execution hereof, the Olive Meadows Partnership desires to confirm and provide emergency and service access, and access in favor of the residents, occupants, tenants, visitors, invitees and licensees of the Housing Authority (collectively, the “**Housing Authority Users**”), the Arrowhead Grove II Users and the Phase IV Users over such of the private streets comprising the Private Street Circulation System which are located on the Olive Meadows Property, and subject to its ground leasehold interest in the Olive Meadows Property.

N. By its execution hereof, the Arrowhead Grove II Partnership desires to confirm and provide emergency and service access, and access in favor of the Housing Authority Users, the Olive Meadows Users and the Phase IV Users over such of the private streets comprising the Private Street Circulation System which are located on the Arrowhead Grove II Property, and to provide the Olive Meadows Users and the Phase IV Users the right to use the Arrowhead Grove II Community Center (defined below) located on the Arrowhead Grove II Property, and subject to its ground leasehold interest in the Arrowhead Grove II Property.

O. By its execution hereof, the Phase IV Partnership desires to confirm and provide emergency and service access, and access in favor of the Housing Authority Users, the Olive Meadows Users and the Arrowhead Grove II Users over such of the private streets comprising the Private Street Circulation System which are located on the Phase IV Property, and to provide the Olive Meadows Users and the Arrowhead Grove II Users the right to use the Phase IV Community Amenities (defined below) located on the Phase IV Property, and subject to its ground leasehold interest in the Phase IV Property.

P. The foregoing Recitals constitute a substantive part of this Declaration and are incorporated into the Operative Provisions hereof by this reference.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and conditions set forth in this Declaration and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Housing Authority hereby declares that certain portions of the Site shall hereinafter be held, conveyed, encumbered, leased, occupied and otherwise used and transferred subject to the reciprocal rights and easements created in this Declaration, all of which shall run with title to all or any portion of, or any interest in, the Site.

The Olive Meadows Partnership by execution hereof declares its agreement that the reciprocal rights and easements created in this Declaration shall constitute encumbrances upon the ground leasehold interest in the Olive Meadows Property and that the ground leasehold interest of the Olive Meadows Partnership shall be used and transferred subject to the reciprocal rights and easements created in this Declaration, all of which shall run with title to all or any portion of, or any interest in, the Olive Meadows Partnership's leasehold interest in the Olive Meadows Property.

The Arrowhead Grove II Partnership by execution hereof declares its agreement that the reciprocal rights and easements created in this Declaration shall constitute encumbrances upon the ground leasehold interest in the Arrowhead Grove II Property and that the ground leasehold interest of the Arrowhead Grove II Partnership shall be used and transferred subject to the reciprocal rights and easements created in this Declaration, all of which shall run with title to all or any portion of, or any interest in, the Arrowhead Grove II Partnership's leasehold interest in the Arrowhead Grove II Property.

The Phase IV Partnership by execution hereof declares its agreement that the reciprocal rights and easements created in this Declaration shall constitute encumbrances upon the ground leasehold interest in the Phase IV Property and that the ground leasehold interest of the Phase IV Partnership shall be used and transferred subject to the reciprocal rights and easements created in this Declaration, all of which shall run with title to all or any portion of, or any interest in, the Phase IV Partnership's leasehold interest in the Phase IV Property.

I. EASEMENTS

1.1 Ingress, Egress and Access Easements.

(a) Authority Easement Rights. There shall be appurtenant to ownership of the ground leasehold interest in the Olive Meadows Property, the ground leasehold interest in the Arrowhead Grove II Property and the ground leasehold interest in the Phase IV Property, for the use and benefit of the Housing Authority and the Housing Authority Users, for the benefit of the Housing Authority Retained Property, a nonexclusive perpetual easement for pedestrian, vehicle, and light truck access, ingress, egress and travel over and across any private street included in the Private Street Circulation System and Emergency Access Lanes which are now or will hereafter be located on or crossing over the Olive Meadows Property, the Arrowhead Grove II Property and the Phase IV Property, which easement area is depicted on Exhibit C-1 (the “**Authority Easement Area**”).

(b) Olive Meadows Easement Rights. There shall be appurtenant to the ownership of the Housing Authority Retained Property, the ground leasehold interest in the Arrowhead Grove II Property and the ground leasehold interest in the Phase IV Grove Property, for the use and benefit of the Olive Meadows Partnership and the Olive Meadows Users, for the benefit of the Olive Meadows Property, a nonexclusive perpetual easement for pedestrian, vehicle, and light truck access, ingress, egress and travel over and across all portions of all private streets included in the Private Street Circulation System and Emergency Access Lanes which are now or will hereafter be located on the Housing Authority Retained Property, the Arrowhead Grove II Property and the Phase IV Property which easement area is depicted in Exhibit C-2 (the “**Olive Meadows Easement Area**”).

(c) Arrowhead Grove II Easement Rights. There shall be appurtenant to the ownership of the Housing Authority Retained Property, the ground leasehold interest in the Olive Meadows Property and the ground leasehold interest in the Phase IV Grove Property, for the use and benefit of the Arrowhead Grove II Partnership and the Arrowhead Grove II Users, for the benefit of the Arrowhead Grove II Property, a nonexclusive perpetual easement for pedestrian, vehicle, and light truck access, ingress, egress and travel over and across all portions of all private streets included in the Private Street Circulation System and Emergency Access Lanes which are now or will hereafter be located on the Housing Authority Retained Property, the Olive Meadows Property and the Phase IV Property which easement area is depicted in Exhibit C-3 (the “**Arrowhead Grove II Easement Area**”).

(d) Phase IV Easement Rights. There shall be appurtenant to the ownership of

the Housing Authority Retained Property, the ground leasehold interest in the Olive Meadows Property and the ground leasehold interest in the Arrowhead Grove II Property, for the use and benefit of the Phase IV Partnership and the Phase IV Users, for the benefit of the Phase IV Property, a nonexclusive perpetual easement for pedestrian, vehicle, and light truck access, ingress, egress and travel over and across all portions of all private streets included in the Private Street Circulation System and Emergency Access Lanes which are now or will hereafter be located on the Housing Authority Retained Property, the Olive Meadows Property and the Arrowhead Grove II Property which easement area is depicted in Exhibit C-4 (the “**Phase IV Easement Area**”).

(e) Parking Lot Easement for Project Partnerships. The Housing Authority grants to each of the Arrowhead Grove II Partnership, the Olive Meadows Partnership and the Phase IV Partnership a nonexclusive perpetual easement over, under, and all about the HA Parking Property for the purposes of vehicular parking in spaces to be designated on the HA Parking Property, in favor of any Project Users (the “**HA Parking Easement Area**”). The Phase IV Partnership grants to each of the Arrowhead Grove II Partnership, the Olive Meadows Partnership and the Housing Authority a nonexclusive perpetual easement over, under, and all about the parking spaces on the Phase IV Parking Property for the purposes of vehicular parking in spaces to be designated on the Phase IV Parking Property, in favor of any Project Users (the “**Phase IV Parking Easement Area**” and, together with the HA Parking Easement Area, the “**Parking Easement Area**”); provided, however, no van, trailer, camper, mobile home, truck (other than a minivan or lightweight pickup truck), boat, inoperable automobile, or similar equipment shall be permitted to remain parked on the Parking Property, other than on a temporary or transient basis. The Olive Meadows Easement Area, the Arrowhead Grove II Easement Area, the Phase IV Easement Area and the Parking Easement Area are collectively the “**Partnership Easement Area**”).

(f) General Easement Limitations. The ingress, egress and access easements described herein benefit and burden both fee title to the Site, as well as the ground leasehold interest held by the Project Partnerships. These easements are for the benefit and enjoyment of the Housing Authority and the Housing Authority Users and the Project Partnerships and the Project Users and the successors and assigns of each. Notwithstanding the generality of the foregoing, however, use of the ingress, egress and access easements described in this Declaration and the areas subject to such easements on and over the Site shall be subject to reasonable regulations and restrictions including, but not limited to:

(i) The right of each of the Housing Authority and the Project Partnerships to keep, maintain and enforce reasonable and necessary directional signs, traffic control signs, speed limit signs and traffic-calming/speed control devices on such private streets;

(ii) The right of each of the Housing Authority and the Project Partnerships to close off any portion of its real property for such a reasonable period of time (a) as may be legally necessary to prevent the acquisition of prescriptive rights by any third person or entity, and (b) as may be necessary in connection with construction, reconstruction, resurfacing, slurry sealing and restriping any private street which is a part of the Private Street Circulation System; provided, however, that prior to closing off any portion of its property, such

party shall give written notice to the other parties of its intention to do so and shall in all cases coordinate such closing-off with such other party(ies) so that no unreasonable interference with the passage of pedestrians or vehicles shall occur and such that persons using the private streets shall continue to have access in some form to the remaining public and private streets within and bordering the Site including La Junta Avenue;

(iii) The right of each of the Housing Authority and the Project Partnerships to make any subsurface use of that party's real property which subsurface use does not unreasonably interfere with the surface use of the Partnership Easement Area and Authority Easement Area;

(iv) The right of each of the Housing Authority and the Project Partnerships to, at any time and from time to time, exclude and/or reasonably restrain third persons or entities who are not its tenants or their residents, occupants, visitors, invitees and licensees from using its property or the easement areas described in this Declaration;

(v) The right of each of the Housing Authority and the Project Partnerships to temporarily erect or place barriers in and around areas on its real property which are subject to the easements described in this Declaration, which areas are being constructed and/or repaired in order to insure either safety of persons or protection of property;

(vi) The ingress, egress and access rights hereto are for the passage of automobiles and light commercial vehicles and pedestrians over the Partnership Easement Area and Authority Easement Area; the grant of such easements shall not permit any of the Housing Authority Users or Project Users to park or store, or cause or permit to be parked or stored, within any of such easement areas, any automobile or other vehicle, as the easements granted herein (other than over the Parking Property as described in Subsection (d) above), do not include parking rights; and

(vii) No portion of the Partnership Easement Area or of the Authority Easement Area shall be used for parking or storage of recreational vehicles, trailers or boats or similar items of personal property.

(g) Street Configuration. All areas of the Private Street Circulation System shall be retained in substantially their current configurations as shown on Exhibit B, which generally consist of two lanes, one in each direction, and may not be relocated or reduced in width without the prior approval of the Housing Authority, and the Project Partnerships.

(h) Emergency and Service Use. The easements contained herein include use for the passage of police and emergency vehicles and trash trucks and other service vehicles to gain ingress, egress and access to all residential and other improvements located on and within the Site and to gain access to all trash enclosures which have been established for each of the communities constructed or to be constructed on the Site as shown on Exhibit B.

(i) Community Amenity Use. The Arrowhead Grove II Partnership grants to the Olive Meadows Partnership, the Olive Meadows Users, the Phase IV Partnership, and the

Phase IV Users a nonexclusive right to use the community center located on the Arrowhead Grove II Property (the “**Arrowhead Grove II Community Center**”), subject to reasonable rules and regulations established by the Arrowhead Grove II Partnership. The Phase IV Partnership grants to the Olive Meadows Partnership and the Olive Meadows Users, the Arrowhead Grove II Partnership, and the Arrowhead Grove II Users a nonexclusive right to use the community center, pool, dog run, tot lot, green space, and community garden located on the Phase IV Property (the “**Phase IV Community Amenities**”), subject to reasonable rules and regulations established by the Arrowhead Grove II Partnership.

1.2 Utilities.

(a) All of the Site, only to the extent necessary for the development of the Olive Meadows Development by the Olive Meadows Partnership, the Arrowhead Grove II Development by the Arrowhead Grove II Partnership and the Phase IV Development by the Phase IV Partnership, shall have appurtenant thereto a nonexclusive easement for the location, maintenance, use, operation and repair of both “wet” and “dry” underground utility lines, conduits, vaults and equipment including, but not limited to, those for the service or transmission of electric power, gas, water, sanitary sewers and storm drains, which are described herein or are presently, or will in the future, be located within or under the paved surface of the Private Street Circulation System. “Utility lines” shall mean those facilities and systems for the transmission of utility services, including the drainage and storage of surface water and including water catchment basins and storm receptors. The rights granted herein shall be limited to those necessary to provide applicable service only to the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development, as applicable. The initial location of all utility lines shall be in the location where such utility lines are constructed or installed at the time of completion of construction of the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development.

(b) All utility lines shall be underground except for: (i) ground-mounted electrical transformers or risers; (ii) as may be necessary during periods of construction, reconstruction, repair or temporary service; (iii) as may be required by any governmental authority; (iv) as may be required by the provider of each such utility service; (v) fire hydrants; and (vi) those which are presently above ground as of the date of recordation of this Declaration and are not required to be undergrounded by conditions of approval applicable to the development of the Site.

(c) In installing separate utility lines servicing the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development, as applicable, the applicable Project Partnership shall obtain all permits and approvals and pay all costs and expenses with respect to the initial construction and all subsequent maintenance, relocation or abandonment of such separate utility lines located on the Site. The applicable Project Partnership shall be responsible to pay all costs and expenses with respect to all maintenance, repair, servicing or relocation of a utility line that exclusively serves the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development, as applicable. Except in the case of a maintenance emergency where such work may be initiated after reasonable notice under the circumstances, each party shall use its best commercial efforts

to notify the other parties before commencement of any work on a common utility line which might impact or affect the supply of utilities to the other apartment communities within the Site. The party performing such work shall use its best commercial efforts to minimize any impact or affect to the supply of utilities to all other apartment communities within the Site. Each Project Partnership agrees to indemnify, defend, protect, and hold harmless the Housing Authority and the other Project Partnership from and against all claims or demands of any kind relating to the utility lines installed by that Project Partnership, including but not limited to the maintenance, repair, replacement or relocation of a utility line performed by a Project Partnership and located in, upon or under the Site, including any action or proceeding brought thereon, and all costs, losses, expenses and liabilities of any kind, including reasonable attorneys' fees and costs of suit; provided, however, the foregoing obligations shall not apply to claims or demands based upon the negligence or willful act or omission of the Housing Authority, a Housing Authority User, the other Project Partnership, or a Project User of such other Project Partnership. Notwithstanding anything to the contrary set forth in this Declaration, so long as the Secretary of the U.S. Department of Housing and Urban Development ("HUD") or his/her successor or assigns, are the insurers or holders of the first mortgage on the Olive Meadows Development, FHA Project No. 143-35131, the Olive Meadows Partnership's obligation to hold the Housing Authority, the Arrowhead Grove II Partnership or the Phase IV Partnership harmless shall be limited to Surplus Cash of the Olive Meadows Partnership or non-Project Assets of the Olive Meadows Partnership (each as defined in the Regulatory Agreement for Multifamily Projects by and between the Olive Meadows Partnership and HUD), or available liability insurance proceeds.

(d) Each party shall have the right to relocate a utility line and/or a separate utility line which is located on or under its real property providing that such relocation: (i) shall not interfere with or diminish utility service to another apartment community during the evening hours but shall be done wherever possible during business hours, and the parties shall coordinate such interruption to eliminate as much as possible all detrimental effects thereof; (ii) shall not reduce or unreasonably impair the usefulness or function of a common utility line serving more than one apartment community; (iii) shall be performed without cost or expense to the other party(ies); (iv) shall be completed using materials and design standards which equal or exceed those originally used; and (v) shall have been approved by the provider of such utility service and, if required, the appropriate governmental authority.

1.3 Drainage Easements.

(a) The Housing Authority grants to the Phase IV Partnership and the Phase IV Users a nonexclusive perpetual easement over, under, and all about the Basin Property for the purposes of drainage, discharging surface storm water drainage and/or runoff from the Phase IV Property, and inspecting, operating, maintaining, altering, improving, repairing, clearing, replacing, restoring or removing the Basin, together with other necessary appurtenances and any paths, courses, structures, ditches, drains, swales, culverts, sewers, drainage facility tributary connections and appurtenant work in any part thereof and/or the surrounding areas in connection therewith. The Phase IV Partnership shall have access to the Basin Property for ingress, egress and regress over the Basin Property in connection herewith. The Phase IV Partnership shall have the further right to trim, cut, clear and otherwise remove trees, limbs, branches and underbrush,

undergrowth and other obstructions, in, along and in connection with the Basin that may in any way endanger or interfere with the proper use of the same or otherwise interfere with the exercise of the rights granted hereunder. The use of the Basin Property shall be subject to reasonable regulations and restrictions including, but not limited to:

(i) The Phase IV Partnership shall have the duty and obligation to maintain the Basin so that it functions properly, and to restore any disturbed areas of the Basin Property to as near to their former appearance as reasonably practicable.

(ii) The Housing Authority shall not unreasonably disrupt or interfere with the rights of the Phase IV Partnership to access and/or use the Basin Property, including, without limitation, building permanent structures (i.e. certain types of offences, etc.) within the Basin Property to allow for proper functioning of the system and unimpeded maintenance access. The Housing Authority, its successors and assigns, hereby releases the Phase IV Partnership and its respective members, agents, employees, successors and assigns from any and all liability for damage to the Basin Property resulting from this conveyance and maintenance of the Basin.

(iii) The Housing Authority agrees that it shall not grant any easements to any other utilities, or other persons, through the Basin Property without the consent of the Phase IV Partnership, and if said grants are given, the Phase IV Partnership shall have the right to regulate such construction or alteration within the Basin Property.

(b) Each of the Site and the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development, as applicable, shall have appurtenant thereto a nonexclusive easement for drainage and the right to discharge surface storm water drainage and/or runoff from each of such properties over, upon and across such other property in areas which have been prepared for and designed for such water drainage and runoff, providing: (i) the grades and surface water drainage/retention systems, catchment basins and water quality filtering systems shall be maintained by the party on whose property such improvements are located as initially constructed and in compliance with any approved mitigation plans or ownership and maintenance plans; (ii) if required by applicable provisions, each such responsible party shall maintain, repair and replace the same using best management practices identified in any approved storm water mitigation plan in perpetuity and shall complete and maintain all forms required to comply with applicable ordinances which may govern such improvements; (iii) retaining walls, structures such as trellises, decks and other hardscape and individual landscape improvements shall not be constructed within required storm drain facilities or basins; and (iv) no party shall alter or permit to be altered the ground surface of any of its real property if such alteration would materially increase the flow of surface water onto adjacent real property either in the aggregate or by directing the flow of surface water into a limited area.

II. GENERAL PROVISIONS

2.1 General Maintenance Responsibilities.

(a) The Housing Authority shall select a Project Partnership or affiliate thereof (the “**Private Street Management Agent**”) to be responsible for maintaining, servicing,

repaving, sealing, restriping, repairing and replacing the improvements located in the Private Street Circulation System including sidewalks adjacent to such private streets, if any, landscaping adjacent to or in medians within such private streets, if any, and private street lighting adjacent to such private streets (the “**Private Street Maintenance**”). The initial Private Street Management Agent shall be National Community Renaissance of California, a California nonprofit public benefit corporation. The Olive Meadows Partnership, the Arrowhead Grove II Partnership and the Phase IV Partnership shall be responsible for maintaining, servicing, repaving, sealing, restriping, repairing and replacing all other site improvements located within the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development, respectively. The Housing Authority shall be solely responsible for the maintenance of the HA Parking Property. The Arrowhead Grove II Partnership shall be solely responsible for the maintenance of the Arrowhead Grove II Community Center. The Phase IV Partnership shall be solely responsible for the maintenance of the Phase IV Community Amenities, the Phase IV Parking Property and the Basin. Each party reserves to itself for such party and its contractors, materialmen and laborers a temporary license for access and/or use over and across such portion of a community as may be reasonably necessary for the responsible party to maintain, repair and replace the improvements on such party’s property which it is obligated by the provisions of this Declaration to maintain. Such temporary license shall be in effect only during such periods when actual maintenance, repair and/or replacement is being performed and provided further that the use of such temporary license shall not unreasonably interfere with the use and operation of the Private Street Circulation System or any individual community operated by another party.

(b) Except in the case of an emergency threatening persons or property, prior to exercising such temporary license the party intending to use the same shall provide evidence upon request to the party upon whose property such temporary use will occur of a certificate of insurance showing that the party or its contractor has obtained such insurance coverage as may be required by the provisions of this Declaration. The responsible party shall promptly pay all costs and expenses associated with such work, shall diligently complete such work as quickly as possible, shall promptly clean the area, shall keep the other party’s real property free and clear from mechanics’ liens or claims and at completion shall restore and/or repair the affected area to a condition which is equal to or better than the condition which existed prior to the commencement of such work performed under any such temporary license.

(c) Notwithstanding the other maintenance obligations herein, if the Arrowhead Grove II Partnership or Arrowhead Grove II Users cause or are responsible for any damage to the Phase IV Community Amenities, the Partnership Easement Area and/or the Arrowhead Grove II Easement Area, the Arrowhead Grove II Partnership shall promptly repair and restore the Phase IV Community Amenities, the Partnership Easement Area and/or the Arrowhead Grove II Easement Area to the condition immediately prior to the damage.

(d) Notwithstanding the other maintenance obligations herein, if the Olive Meadows Partnership or Olive Meadows Users cause or are responsible for any damage to the Arrowhead Grove II Community Center, the Phase IV Community Amenities, the Partnership Easement Area and/or the Olive Meadows Easement Area, the Olive Meadows Partnership shall promptly repair and restore the Arrowhead Grove II Community Center, the Phase IV

Community Amenities, the Partnership Easement Area and/or the Olive Meadows Easement Area to the condition immediately prior to the damage.

(e) Notwithstanding the other maintenance obligations herein, if the Phase IV Partnership or Phase IV Users cause or are responsible for any damage to the Basin Property, the Arrowhead Grove II Community Center, the Partnership Easement Area and/or the Phase IV Easement Area, the Phase IV Partnership shall promptly repair and restore the Basin Property, the Arrowhead Grove II Community Center, the Partnership Easement Area and/or the Phase IV Easement Area to the condition immediately prior to the damage.

(f) Notwithstanding the other maintenance obligations herein, if the Housing Authority or Housing Authority Users cause or are responsible for any damage to the Authority Easement Area, the Housing Authority shall promptly repair and restore the Authority Easement Area to the condition immediately prior to the damage.

2.2 Allocation of Shared Maintenance Costs.

(a) Shared Costs. All costs of the Private Street Maintenance shall be shared among the Olive Meadows Partnership, the Arrowhead Grove II Partnership, the Phase IV Partnership and owners of the Future Developments if any (the “**Shared Maintenance Costs**”). Until the development of the Future Developments, the Arrowhead Grove II Partnership, the Olive Meadows Partnership and the Phase IV Partnership shall share the Shared Maintenance Costs. The initial percentage allocation of Shared Maintenance Costs shall be based on the number of residential units in each of the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development which is as follows: 18.34% to the Olive Meadows Development, 54.44% to the Arrowhead Grove II Development and 27.22% to the Phase IV Development. The percentage allocation of the Shared Maintenance Costs among the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development may be amended from time to time by separate agreement among the Olive Meadows Partnership, the Arrowhead Grove II Partnership and the Phase IV Partnership. The Housing Authority anticipates amending this Declaration to add the Future Developments as contributors to the Shared Maintenance Costs.

(b) Budgeting. On or before November 1st of each year, the Private Street Management Agent shall prepare a draft annual budget of the Shared Maintenance Costs (the “**Budget**”), which shall contain a reasonable and good faith estimate of the Shared Maintenance Costs for the next calendar year. A majority of the parties (the Housing Authority and the Project Partnerships) shall agree to the Budget for the upcoming year before it is adopted by the Private Street Management Agent. Notwithstanding the foregoing, if the proposed Budget exceeds the Budget for the immediate prior year by more than twenty percent (20%), then the proposed Budget must have the unanimous consent, not to be unreasonably withheld, of the Housing Authority and Project Partnerships before it is adopted by the Private Street Management Agent.

(c) Payment. Each of the Project Partnerships make an annual payment to the Private Street Management Agent for their share of the Shared Maintenance Costs as set forth in the Budget for the current year on or before January 1st of each year. Until the Budget for a

calendar year is final, the Project Partnerships shall use the Budget from the prior year for purposes of the payments and make adjustments as necessary when the Budget for the current year has been finalized. The Private Street Management Agent shall maintain true and complete books and records, including copies of all appropriate invoices and statements relating to any Shared Maintenance Costs. The authorized representatives of the Housing Authority and the Project Partnerships, on reasonable notice to the Private Street Management Agent shall have the right to inspect and copy during normal business hours the books and records that relate to the Shared Maintenance Costs.

(d) Extraordinary Expenses. If any of the Project Partnerships, the Housing Authority or the Private Street Management Agent anticipate the need to incur any extraordinary expenses which were not included in the Budget but which otherwise would be Shared Maintenance Costs, the applicable party shall promptly notify the other parties in writing of the expense (“**Expense Notice**”). The Expense Notice shall describe the work needed, the time needed to perform the work, the cost and payment schedule, and other related information. Within thirty (30) days after receipt of the Expense Notice, the Project Partnerships and the Housing Authority shall meet and confer with respect to the Expense Notice. A majority of the parties (the Housing Authority and the Project Partnerships) shall agree to the Expense Notice before it is adopted by the Private Street Management Agent, provided that any such extraordinary expenses in excess of ten percent (10%) of the then current Budget must have the unanimous consent, not to be unreasonably withheld, of the Housing Authority and the Project Partnerships before it is adopted by the Private Street Management Agent.

2.3 Insurance.

(a) The Project Partnerships shall maintain the following insurance all of which shall be provided by companies and/or agencies licensed to do business in the State of California:

(i) Leased Premises Insurance. “All risk” insurance covering all risks of physical loss or damage to any of the Private Street Circulation System and the Parking Property, with liability limits of not less than one hundred percent (100%) of the “full replacement value” of the Improvements. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm. Perils customarily excluded from all risk insurance, e.g., earthquake and flood, may be excluded. The term “full replacement value” shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the applicable Development by the insurer or its designee not more than once every five (5) years.

(ii) General Liability and Automobile Insurance.

(1) Commercial general liability covering loss or damage resulting from accidents or occurrences on or about or in connection with the Private Street Circulation System and the Parking Property or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage with limits of liability not less than Five Million Dollars (\$5,000,000) Each Occurrence, and Five Million (\$5,000,000) General Aggregate, and upon completion of construction, Five Million

(\$5,000,000) Products/Completed Operations. Coverage under any such comprehensive policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner's interest as respects construction operations and products and completed operations.

(2) Automobile Liability Insurance covering the use of all owned, non-owned and hired vehicles, covering loss or damage resulting from accidents or occurrences with personal injury, death and property damage combined single limit liability of not less than Two Million Dollars (\$2,000,000) Each Occurrence.

(3) Limits of insurance may be achieved by placement of an Umbrella/Excess Liability policy that follows-form with the primary General Liability and Automobile Liability policies terms and conditions.

(iii) Workers' Compensation Insurance. In the event that a Project Partnership has employees, said Project Partnership shall carry or cause to be carried Workers' Compensation insurance with limits as required by the State of California and Employer's Liability limits of One Million Dollars (\$1,000,000) for bodily injury by accident and One Million Dollars (\$1,000,000) per person and in the annual aggregate for bodily injury by disease covering all persons employed by said Project Partnership in connection with the Improvements and with respect to whom death, bodily injury, or sickness insurance claims

(b) All policies described in Section 2.3(a) above shall include each of the Project Partnerships, the Housing Authority, and Hudson Housing Capital LLC, a Delaware limited liability company, as named insureds, as their respective interests may appear.

2.4 Hazardous Materials. Each of the Project Partnerships and the Housing Authority agrees that it shall not use or transport, or permit or cause to be used or transported, any Hazardous Materials (as defined below) over, under, on, across or through the area of any easement granted or reserved in this Declaration except as permitted by, and in strict compliance with, all applicable federal, state and local laws, statutes, ordinances, regulations, guidelines, orders, judicial and administrative decisions and any applicable insurance requirements. As used herein, "Hazardous Material" shall mean any material or substance defined or regulated as a hazardous or toxic material, waste or substance under any federal, state or local law, statute, ordinance, regulation, guideline or order presently in effect or as may be modified from time to time after the date of recordation of this Declaration and shall include, but not be limited to, petroleum products and by-products, except where any of the same in common use is used in accordance with and in strict compliance with any applicable manufacturer's requirements and/or guidelines.

2.5 Mechanics' Liens and Claims. No liens shall be filed against the Site by a Project Partnership. Each of the Project Partnerships shall defend, indemnify and hold the Housing Authority free and harmless from and against any mechanics', materialmans' and/or laborers' liens arising out of the operation, maintenance, repair and replacement of any part of the Private Street Circulation System, or the Parking Property for which that Project Partnership is responsible and all costs, expenses and liabilities in connection therewith including reasonable attorneys' fees and court costs. If any part of the Site shall become subject to such lien described

above and resulting from the actions or inactions of a Project Partnership, that Project Partnership shall promptly cause such lien to be released and discharged of record, either by paying the indebtedness which gave rise to such lien or by posting a bond or other security as shall be required by law to obtain such release and discharge. Notwithstanding anything to the contrary set forth in this Declaration, so long as the Secretary of HUD or his/her successor or assigns, are the insurers or holders of the first mortgage on the Olive Meadows Development, FHA Project No. 143-35131, the Olive Meadows Partnership's obligation to hold the Housing Authority harmless shall be limited to Surplus Cash of the Olive Meadows Partnership or non-Project Assets of the Olive Meadows Partnership (each as defined in the Regulatory Agreement for Multifamily Projects by and between the Olive Meadows Partnership and HUD), or available liability insurance proceeds.

2.6 Default.

(a) The occurrence of any one or more of the following events shall constitute a default and breach of this Declaration by the non-performing party (the "**Defaulting Party**"):

(i) The failure to make any payment required to be made hereunder within thirty (30) days after the due date; and/or

(ii) The failure to observe or perform any of the covenants, conditions or obligations contained in or provided by this Declaration, other than as described in the preceding subsection (i), within thirty (30) days after the issuance of a written notice by another party (the "**Non-Defaulting Party**") specifying the nature of the default claimed; provided, however, that if the default is the type that cannot reasonably be cured within a thirty (30) day period, then such cure period shall be automatically extended as long as the defaulting party commences such cure within such thirty (30) day cure period and diligently prosecutes such cure to completion.

(b) With respect to any default under this Declaration, any Non-Defaulting Party shall have the right following the expiration of any applicable cure period, but not the obligation, to cure such default by the payment of money or the performance of some other action for the account of and at the expense of the Defaulting Party; provided, however, that in the event such default shall constitute an emergency condition, the Non-Defaulting Party, acting in good faith, shall have the right to cure such default upon such advance notice as is reasonably possible under the circumstances or, if necessary, without advance notice, so long as notice is given as soon as reasonably possible thereafter. To effectuate any such cure, the Non-Defaulting Party shall have a license to enter upon the property of the Defaulting Party (but not into any building improvements thereon) to perform any necessary work or furnish any necessary materials or services to cure the default of the Defaulting Party. In the event any Non-Defaulting Party shall cure a default, the Defaulting Party shall reimburse the Non-Defaulting Party for all costs and expenses incurred in connection with such curative action, plus interest at the maximum rate provided by law or ten percent (10%), whichever is less, within thirty (30) days after receipt of demand therefore, together with reasonable documentation supporting the cost of the expenditure made. The right to cure the default of another party shall not be deemed to (i) impose any obligation on a Non-Defaulting Party to do so, (ii) render the Non-Defaulting Party

liable to the Defaulting Party or any third party for an election not to do so, (iii) relieve the Defaulting Party from any performance obligations hereunder then or thereafter, and (iv) relieve the Defaulting Party from any repayment obligation provided in this Declaration. Each Non-Defaulting Party shall have the right to prosecute any proceeding at law or in equity against any Defaulting Party hereto, or any other person, violating or attempting to violate or defaulting upon any of the provisions contained in this Declaration and to recover damages for any such violation to default. Such proceeding shall include the right to restrain by injunction any violation or threatened violation by another party or person of any of the terms, covenants or conditions of this Declaration or to obtain a decree to compel specific performance of any such terms, covenants or conditions, it being agreed that the remedy at law for a breach of any such term, covenant or condition (except those, if any, requiring the payment of a liquidated sum) is not adequate. All of the remedies permitted or available to a party under this Declaration or at law or in equity shall be cumulative and not alternative, and the invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy.

(c) The limited partner of each of the Project Partnerships shall have the right, but not the obligation, to cure any default of any of the Project Partnerships hereunder, and such cure shall be deemed to have been made by the Project Partnership that is in default.

2.7 No Exemption from Liability. No party may exempt itself from liability for its payment of any expenses incurred under this Declaration which are to be charged to that party by waiver of the use or enjoyment of the easements created herein or by the abandonment of that party's property.

2.8 Covenants to Run With the Land. Each and every one of the provisions of this Declaration to be performed on the part of the parties hereto and their successors and assigns, including the benefits and the burdens hereof, shall run with title to all the property subject hereto and shall be binding upon and inure to the benefit of the heirs, assigns and successors of each of the parties hereto. All of the property subject hereto shall be held, transferred, encumbered, used, sold, conveyed and occupied subject to the provisions of this Declaration which shall run with title in perpetuity.

2.9 Method of Amendment. The provisions of this Declaration may be modified or amended, in whole or in part, only by an instrument in writing, executed and acknowledged by the Housing Authority and the Project Partnerships, as well as, as applicable, the prior written consent of the limited partner(s) of each of the Project Partnerships which instrument is duly recorded in the Official Records. Notwithstanding the generality of the foregoing, however, the consent of any mortgagee or holder of a security interest in the real property subject hereto shall be required in order to cause the interest of such mortgagee or holder of a security interest in existence at the time of such proposed amendment to be subordinate to such amendment. It is expressly understood and agreed that no modification or amendment, in whole or in part, of this Declaration shall require consent or approval on the part of any tenants of any apartment communities within the Site. The Housing Authority anticipates amending this Declaration in the future to include the Future Developments.

2.10 No Third Party Beneficiary. The provisions of this Declaration are for the benefit of the Housing Authority and the Project Partnerships and their respective limited partners, and not for the benefit of any third party, nor shall this Declaration be deemed to have conferred any rights, express or implied, upon any third person or upon the public generally. Nothing herein contained shall be deemed to be a gift or dedication to the general public or the creation upon any portion of the Site or any of the easements created hereunder of any interest for any public purpose whatsoever, it being the intent of the parties to this Declaration that this Declaration shall be strictly limited to and for the purposes herein expressed.

2.11 No Easement by Implication; Prevention of Prescriptive Rights. Neither the execution of this Declaration nor the granting of the easements described herein shall be deemed to grant any other easement or to establish any other easement by implication or prescription, and the parties to this Declaration and their successors understand and agree that the only easements and/or licenses made and granted herein and hereby are the easements and/or licenses which are expressly made and granted by the specific terms of this Declaration. The parties hereto acknowledge that, except as specifically provided by the terms of this Declaration, nothing contained herein shall be deemed to grant to any person or entity the right to enter generally upon or generally cross over any portion of the Site, the Olive Meadows Property, the Arrowhead Grove II Property or the Phase IV Property, other than the areas encumbered by the easements granted by and described in the terms of this Declaration.

2.12 Protection of Mortgagees. A breach of the restrictions, conditions, covenants and reservations contained in this Declaration shall not defeat or render invalid the lien of any mortgagee or beneficiary under any duly recorded mortgage or deed of trust made in good faith and for value encumbering the Olive Meadows Development the Arrowhead Grove II Development and/or the Phase IV Development, as applicable. The restrictions, covenants and reservations contained in this Declaration shall be binding upon and effective against any ground leasehold owner or owners of the Olive Meadows Property, the Arrowhead Grove II Property and/or the Phase IV Property, as applicable, whose title was acquired by foreclosure, trustee's sale or otherwise.

2.13 Effect of Foreclosure. If any property subject to this Declaration is subject to a monetary obligation established and/or created pursuant to any provision of this Declaration and is also subject to the lien of a bonafide mortgage or encumbrance, (i) the enforcement of any such obligation created by any provision of this Declaration shall not operate to affect or impair the lien of such mortgage or deed of trust, and (ii) the foreclosure of the lien of such mortgage or deed of trust, the acceptance of a deed in lieu of foreclosure of such mortgage or deed of trust or a sale under the power of sale contained in any such mortgage or deed of trust (these events shall be referred to collectively as "**Events of Foreclosure**") shall not operate to affect or impair the lien of this Declaration, except that any person or persons who obtained an interest through any of the Events of Foreclosure and their successors in interest shall take title free of the obligation to pay monetary amounts which might be imposed by this Declaration prior to the time of any of the Events of Foreclosure, but shall be subject to the lien of this Declaration for all charges and obligations which occur after the Events of Foreclosure.

2.14 Severability. If any term, provision or condition contained in this Declaration

shall, to any extent, be invalid or unenforceable, the remainder of this Declaration, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be effected thereby and each term, provision and condition hereof shall be valid and enforceable to the fullest extent permitted by law.

2.15 Binding Effect. This Declaration shall, except as otherwise provided herein, be binding upon and inure to the benefit of the Housing Authority and the Project Partnerships and the heirs, executors, administrators, successors and assigns of each. Upon termination of the Arrowhead Grove II Ground Lease the Arrowhead Grove II Partnership shall no longer have any rights under this Declaration, upon termination of the Olive Meadows Ground Lease the Olive Meadows Partnership shall no longer have any rights under this Declaration, and upon termination of the Phase IV Ground Lease the Phase IV Partnership shall no longer have any rights under this Declaration.

2.16 Attorneys' Fees. If any proceeding is brought for the enforcement of this Declaration, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions hereof or to interpret this Declaration or any of the provisions hereof, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that proceeding, whether or not said proceeding becomes final or is enforced via a court judgment or action, in addition to any other relief to which it or they may be entitled, which shall include any attorneys' fees incurred by the prevailing party on appeal, by the prevailing party for any subsequent motion proceedings or hearings, and any and all attorneys' fees incurred in any and all efforts by the prevailing party to collect its award.

2.17 Authority. Execution of this Declaration shall be presumed to be made by duly authorized individuals.

2.18 Governing Law. This Declaration shall be construed and governed in accordance with the laws of the State of California.

2.19 Miscellaneous. When used herein, the masculine and neuter genders, the singular number and the present tense shall be deemed to include the feminine gender, the plural number and past and future tenses, respectively, where the context so requires.

2.20 No Discrimination. Each of the parties hereto shall not permit discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the use and/or enjoyment of any commonly used areas described in this Declaration.

2.21 Negation of Partnership. None of the terms or provisions of this Declaration shall be deemed to create a partnership between or among the Housing Authority or the Project Partnerships nor shall it cause them to be considered joint venturers or members of any joint enterprise. Each of such parties and its respective successors and assigns shall be considered a separate owner and no owner shall have the right to act as an agent for another owner, unless expressly authorized to do so herein or by separate written instrument signed by the owner to be

charged.

2.22 Notice. All notices given pursuant to any provision of this Declaration shall be in writing and shall be delivered by personal service, or by any generally accepted commercial overnight package delivery service, or by facsimile and/or electronic transmission, confirmed by mailing a “hard” copy thereof in the ordinary U.S. Mail, postage prepaid, the same day, or by certified or registered mail, postage prepaid, return receipt requested. Any written notice to any of the parties required or permitted hereunder shall be deemed to have been duly given on the date of service. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand or request sent. Notice may be given by legal counsel for a party with the same force and effect as if given by the party. Notices shall be addressed as follows:

Housing Authority: Housing Authority of the County of San Bernardino 715 East Brier Drive San Bernardino, California 92408-2841	
Olive Meadows Partnership: Waterman Gardens Partners 1, L.P. c/o National Community Renaissance of California 9421 Haven Avenue Rancho Cucamonga, California 91730 Attn: CFO	with a copy to: Wells Fargo Affordable Housing Community Development Corporation MAC D1053-170 301 South College Street Charlotte, NC 28288 Attn: Director of Asset Management
Arrowhead Grove II Partnership: Waterman Gardens Partners 2, L.P. c/o National Community Renaissance of California 9421 Haven Avenue Rancho Cucamonga, California 91730 Attn: CFO	with a copy to: Bank of America, N.A. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Management Facsimile: 617-346-2257 Banc of America CDC Special Holding Company, Inc. MA1-225-02-02 225 Franklin Street Boston, MA 02110 Attention: Asset Management Facsimile: 617-346-2257

Phase IV Partnership: Arrowhead Grove Phase 4 LP c/o National Community Renaissance of California 9421 Haven Avenue Rancho Cucamonga, California 91730 Attn: CFO	with a copy to: Hudson SLP LLC 630 Fifth Avenue, 28th Floor New York, New York 10111 Attention: Joseph A. Macari Fax No.: (212) 218-4467 And Bocarsly Emden Cowan Esmail & Arndt LLP 4800 Hampden Lane, Suite 200 Bethesda, Maryland 20814 Attention: Craig A. Emden Fax No.: (213) 559-0747
City of San Bernardino City of San Bernardino Vanir Tower 290 North D Street San Bernardino, CA 92401 Attn: City Manager	With a copy to: Best Best & Krieger LLP 18101 Von Karman Ave Suite 1000 Irvine, CA 92612 Attn: Elizabeth Hull

2.23 Construction and Interpretation.

(a) This Declaration contains all of the representations and the entire agreement between the parties with respect to the subject matter hereof. Any prior negotiations, correspondence, memoranda or agreements concerning the subject matter hereof are superseded hereby. No party shall be deemed the scrivener of this Declaration and, based on the foregoing, the provisions of this Declaration shall be construed as a whole according to their common meaning and not strictly for or against any party.

(b) The captions preceding the text of each provision of this Declaration are included only for convenience of reference. Capitalized terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this instrument.

(c) This Declaration may be executed in counterparts, each of which shall be deemed an original. The signatures to this Declaration may be executed and notarized on separate pages and, when attached to this Declaration, shall constitute one complete document.

2.24 Excusable Delays. Where performance is required of any party hereunder such party shall use all due diligence to perform and take all necessary measures in good faith to perform; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes,

unavailability of labor or materials, damage to work in progress by reason of fire or other casualty, or any cause beyond the reasonable control of such party, then the time for performance as herein specified shall be appropriately extended by an amount equal to the amount of the delay actually so caused. However, the provisions hereof shall not operate to excuse any party from the prompt payment of any monies required by the provisions of this Declaration.

2.25 Continuation Notwithstanding Breach. It is expressly agreed that no breach of this Declaration or event of default hereunder shall (i) entitle any party to cancel, rescind or otherwise terminate this Declaration or any of the easements or rights granted herein, or (ii) defeat or render invalid the lien of any mortgage or trust deed made in good faith and for value as to any part of the Site or the Olive Meadows Property, the Arrowhead Grove II Property or the Phase IV Property.

2.26 No Waiver. The failure of any party to insist upon strict performance of any of the terms, covenants or conditions hereof shall not be deemed a waiver of any rights or remedies which that party may have hereunder, at law or in equity, and shall not be deemed a waiver of any subsequent breach or default in any of such terms, covenants or conditions. No waiver shall be implied from any omission by a party to take action in respect to a default. No waiver of any default shall affect any other default or cover any other period of time other than any default and/or period of time specified in such waiver.

2.27 Governmental Approvals. No provision of this Declaration shall be interpreted so as to circumvent or otherwise modify the obligations of a party to comply with all applicable requirements of any governmental entity. Without limiting the foregoing, no approval given hereunder and no provision contained herein shall affect the requirement to obtain approvals from any governmental authority or entity, to the extent that such approvals are otherwise required.

2.28 Subordination to Olive Meadows Authority Deeds of Trust. The Housing Authority subordinates in all respects the lien of the deed of trust in favor of the Housing Authority which was recorded on March 21, 2016 as Instrument No. 2016-0106073 in the Official Records, and the lien of the deed of trust in favor of the Housing Authority which was recorded on March 21, 2016 as Instrument No. 2016-0106076 in the Official Records (collectively, the “**Deed of Trust**”) to the restrictions and other rights and interests created under this Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Olive Meadows Property and the Olive Meadows Development.

2.29 Subordination to Arrowhead Grove II Authority Deeds of Trust. The Housing Authority subordinates in all respects the lien of the deed of trust in favor of the Housing Authority which was recorded on October 1, 2019 as Instrument No. 2019-0352091 in the Official Records, and the lien of the deed of trust in favor of the Housing Authority which was recorded on October 1, 2019 as Instrument No. 2019-0352092 in the Official Records

(collectively, the “**Deed of Trust**”) to the restrictions and other rights and interests created under this Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Arrowhead Grove II Property and the Arrowhead Grove II Development.

**SIGNATURE PAGE FOR SECOND AMENDED AND RESTATED DECLARATION OF
RECIPROCAL EASEMENTS**

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed effective as of the day and year first-above written.

HOUSING AUTHORITY:

The Housing Authority of the County of San
Bernardino, a political subdivision of the State of
California

By: _____
Maria Razo, Executive Director

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**SIGNATURE PAGE FOR SECOND AMENDED AND RESTATED DECLARATION OF
RECIPROCAL EASEMENTS**

AGREED TO AND ACKNOWLEDGED BY:

OLIVE MEADOWS PARTNERSHIP:

Waterman Gardens Partners 1, L.P.,
a California limited partnership

By: WG Partners 1 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Michael Finn
Chief Financial Officer

ARROWHEAD GROVE II PARTNERSHIP:

Waterman Gardens Partners 2, L.P.,
a California limited partnership

By: WG Partners 2 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Michael Finn
Chief Financial Officer

PHASE IV PARTNERSHIP:

Arrowhead Grove Phase 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Michael Finn
Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(Wells Fargo Bank)**

Wells Fargo Bank, N.A. (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on April 25, 2016 as Instrument No. 2016-0155821 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Olive Meadows Property and the Olive Meadows Development. “Olive Meadows” is formerly known as “Waterman Gardens 1”.

WELLS FARGO BANK, N.A.,
a national banking association

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(Wells Fargo Financial National Bank)**

Wells Fargo Financial National Bank (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on August 30, 2018 as Instrument No. 2018-0322465 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Olive Meadows Property and the Olive Meadows Development.

WELLS FARGO FINANCIAL NATIONAL BANK

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(City of San Bernardino)**

The City of San Bernardino (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects (i) the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California (the “Official Records”) on March 21, 2016 as Instrument No. 2016-0106069, (ii) the lien of the deed of trust in favor of Holder which was recorded in the Official Records on October 1, 2019 as Instrument No. 2019-0352101 and (iii) the lien of the deed of trust in favor of Holder which was recorded in the Official Records on October 1, 2019 as Instrument No. 2019-0352102 (collectively, the “Deeds of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of the respective trustors under the Deeds of Trust with respect to the Olive Meadows Property, the Arrowhead Grove II Property, the Olive Meadows Development and the Arrowhead Grove II Development, as applicable.

CITY OF SAN BERNARDINO, a California
municipal corporation

By: _____
Tanya Romo
City Manager

Attest:

By: _____
Genoveva Rocha, City Clerk

Approved as to form:

[____], City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(Bank of America, N.A.)**

Bank of America, N.A. (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on October 1, 2019 as Instrument No. 2019-0352089 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Arrowhead Grove II Property and the Arrowhead Grove II Development.

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(Dignity Health)**

Dignity Health (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on October 1, 2019 as Instrument No. 2019-0352105 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Arrowhead Grove II Property and the Arrowhead Grove II Development.

DIGNITY HEALTH

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS
(County of San Bernardino)**

The County of San Bernardino (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on October 1, 2019 as Instrument No. 2019-0352096 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Arrowhead Grove II Property and the Arrowhead Grove II Development.

COUNTY OF SAN BERNARDINO

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

**ACKNOWLEDGEMENT, CONSENT AND AGREEMENT TO SUBORDINATE TO
SECOND AMENDED AND RESTATED DECLARATION OF RECIPROCAL
EASEMENTS**

(Department of Housing and Community Development)

The Department of Housing and Community Development, a public agency of the State of California (“Holder”) hereby acknowledges and consents to the Second Amended and Restated Declaration Providing For Reciprocal Easements (“Declaration”) to which this Acknowledgement, Consent and Agreement to Subordinate is attached, and further subordinates in all respects the lien of the deed of trust in favor of Holder which was recorded in the Official Records of the County of San Bernardino, State of California on February 10, 2023 as Instrument No. 2023-0033385 (the “Deed of Trust”) to the restrictions and other rights and interests created under the Declaration in respect of the Olive Meadows Property, the Arrowhead Grove II Property, the Phase IV Property, the Olive Meadows Development, the Arrowhead Grove II Development and the Phase IV Development. Notwithstanding the foregoing, nothing in this Acknowledgement, Consent and Agreement to Subordinate shall in any way limit, modify, amend or alter the covenants and obligations of trustor under the Deed of Trust with respect to the Arrowhead Grove II Property and the Arrowhead Grove II Development.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A-1
Legal Description of the Olive Meadows Property

PARCEL 3 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 2015-007, RECORDED MARCH 2, 2016 AS INSTRUMENT NO. 2016-0080122 OF OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL A AND PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED MARCH 12, 2015 AS DOCUMENT NO, 2015-0097328, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

BEING A PORTION OF LOTS 13 AND 14 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7, PAGE 2 OF MAPS, RECORDS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 300.00 FEET OF SAID LOT 14 AND THE SOUTH LINE OF SAID LOT 14, SAID SOUTH LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE SOUTH 89°51'42" WEST ALONG SAID SOUTH LINE A DISTANCE OF 80.17 FEET; THENCE NORTH 89°59'48" WEST A DISTANCE OF 499.98 FEET; THENCE SOUTH 89°58'38" WEST A DISTANCE OF 48.79 FEET; THENCE NORTH 00°00'00" EAST LEAVING SAID SOUTH LINE A DISTANCE OF 167.95 FEET TO A POINT ON A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 08°31'46" EAST; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE NORTH 36°16'34" EAST A DISTANCE OF 443.87 FEET; THENCE SOUTH 53°44'16" EAST A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE NORTH 90°00'00" EAST A DISTANCE OF 73.68 FEET TO THE WEST LINE OF THE EAST 300.00 FEET OF SAID LOT 14; THENCE SOUTH 00°08'27" EAST ALONG SAID WEST LINE A DISTANCE OF 510.66 FEET TO THE POINT OF BEGINNING.

EXHIBIT A-2
Legal Description of the Arrowhead Grove II Property

PARCEL 1:

PARCEL A OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019 AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING S. 36°16'34" W. A DISTANCE OF 262.29 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC LENGTH OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 223.50 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 301.41 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

PARCEL B OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019 AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET TO THE TRUE POINT OF BEGINNING; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID

CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 288.48 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 301.41 FEET; THENCE S. 00°00'00" W. A DISTANCE OF 200.00 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" E. ALONG SAID RIGHT-OF-WAY A DISTANCE OF 446.43 FEET TO THE TRUE POINT OF BEGINNING.

APNS: 0147-211-24-0-000 AND 0147-211-25-0-000

EXHIBIT A-3
Legal Description of the Phase IV Property

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021-0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90°00'00" WEST 370.28 FEET; THENCE SOUTH 54°00'00" WEST 183.57 FEET; THENCE SOUTH 36°17'22" EAST 438.32 FEET; THENCE SOUTH 00°00'00" EAST 186.80 FEET; THENCE NORTH 89°58'35" EAST 58.43 FEET; THENCE NORTH 00°00'00" EAST 188.98 FEET; THENCE NORTH 90°00'00" EAST 200.94 FEET; THENCE NORTH 00°00'00" EAST 310.21 FEET; THENCE NORTH 90°00'00" EAST 55.00 FEET; THENCE NORTH 00°00'00" EAST 75.21 FEET; THENCE NORTH 90°00'00" WEST 55.00 FEET; THENCE NORTH 00°00'00" EAST 73.58 FEET TO THE POINT OF BEGINNING.

CONTAINING 200,037 SQUARE FEET OR 4.592 ACRES, MORE OR LESS.

EXHIBIT A-4
Legal Description of the Housing Authority Retained Property

PARCEL C OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT 2019-003, RECORDED JULY 18, 2019, AS INSTRUMENT NO. 2019-0241893 OF OFFICIAL RECORDS, FURTHER DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1 & 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED MARCH 2, 2016 AS DOCUMENT NO. 2016-0080122, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; AND LOT 11 OF BLOCK 42 OF RANCHO SAN BERNARDINO PER BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, EXCEPTING THEREFROM A PARCEL 150 FEET BY 150 FEET IN THE NORTHWEST CORNER OF LOT 11; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 1, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE S. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 280.41 FEET; THENCE S. 00°00'00" E. LEAVING SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 8.96 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.50 FEET; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°44'50" AN ARC DISTANCE OF 99.15 FEET TO A REVERSE CURVE, CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 141.50 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 37°29'09" AN ARC DISTANCE OF 92.58 FEET; THENCE S. 00°15'41" E. A DISTANCE OF 25.23 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 149.50 FEET; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°32'16" AN ARC DISTANCE OF 95.34 FEET; THENCE S. 36°16'34" W. A DISTANCE OF 550.77 FEET TO A TANGENT CURVE, CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 29.50 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 53°43'26" AN ARC LENGTH OF 27.66 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 122.44 FEET; THENCE N. 00°00'00" W. A DISTANCE OF 23.50 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 274.58 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 275.21 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 75.21 FEET; THENCE S. 90°00'00" W. A DISTANCE OF 55.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 73.58 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 268.00 FEET; THENCE N. 00°00'00" E. A DISTANCE OF 310.01 FEET TO A POINT ON SAID SOUTHERLY RIGHT-OF-WAY OF BASELINE STREET; THENCE N. 90°00'00" W. ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 936.23 FEET TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY AND A LINE 150 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO A POINT ON A LINE 150 FEET SOUTHERLY OF AND PARALLEL WITH SAID SOUTHERLY RIGHT-OF-WAY; THENCE S. 90°00'00" W. ALONG SAID PARALLEL LINE A DISTANCE OF 150 FEET TO THE WEST LINE OF SAID LOT 11; THENCE S. 00°06'14" E. ALONG SAID WEST LINE A DISTANCE OF 808.22 FEET TO THE SOUTHWEST CORNER OF SAID LOT 11, SAID LINE ALSO BEING THE CENTERLINE OF OLIVE STREET; THENCE N. 89°58'38" E. ALONG SAID SOUTH LINE AND CENTERLINE OF OLIVE STREET A DISTANCE OF 1184.74; THENCE N. 00°00'00" E. LEAVING SAID CENTERLINE A DISTANCE OF 167.95 FEET TO A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 185.00 FEET, A RADIAL TO SAID CURVE BEARS S. 08°31'46" E.; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE A THROUGH A CENTRAL ANGLE OF 45°11'40" AN ARC DISTANCE OF 145.93 FEET; THENCE N. 36°16'34" E. A DISTANCE OF 443.87 FEET; THENCE S. 53°44'16" E. A DISTANCE OF 100.40 FEET TO A TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 150.00 FEET; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°15'44" AN ARC DISTANCE OF 94.93 FEET; THENCE N. 90°00'00" E. A DISTANCE OF 73.68 FEET TO THE EAST LINE OF SAID PARCEL 3; THENCE N. 00°08'27" W. ALONG SAID EAST LINE OF SAID PARCELS 1 AND 3 A DISTANCE OF 446.91 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 1 AND THE POINT OF BEGINNING.

EXCEPTING THEREFROM LOT 1 AS SHOWN ON CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001, AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL D AND A PORTION OF PARCELS E AND H OF TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ON DECEMBER 16TH, 2021, AS DOCUMENT NO. 2021- 0563577, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL D; THENCE NORTH 90° 00' 00" WEST 370.28 FEET; THENCE SOUTH 54° 00' 00" WEST 183.57 FEET; THENCE SOUTH 36° 17' 22" EAST 438.32 FEET; THENCE SOUTH 00° 00' 00" EAST 186.80 FEET; THENCE NORTH 89° 58' 35" EAST 58.43 FEET; THENCE NORTH 00° 00' 00" EAST 188.98 FEET; THENCE NORTH 90° 00' 00" EAST 200.94 FEET; THENCE NORTH 00° 00' 00" EAST 310.21 FEET; THENCE NORTH 90° 00' 00" EAST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 75.21 FEET; THENCE NORTH 90° 00' 00" WEST 55.00 FEET; THENCE NORTH 00° 00' 00" EAST 73.58 FEET TO THE POINT OF BEGINNING.

EXHIBIT A-5
Legal Description of the Basin Property

IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA; BEING A PORTION OF LOT 2 (APN 0147-302-02) OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. LLA 2024-001 AS EVIDENCED BY DOCUMENT RECORDED JANUARY 24, 2025 AS INSTRUMENT NO. 2025-0016181 OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 2, SAID POINT ALSO BEING ON THE CENTERLINE OF OLIVE STREET (60' FEET WIDE) AS SHOWN ON TRACT MAP NO. 18829, FILED IN BOOK 361 OF TRACT MAPS, PAGES 66 THROUGH 74, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE 00°00'00" E ALONG THE EAST LINE OF SAID LOT 2 A DISTANCE OF 63.49 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING ON THE NORTHERLY RIGHT-OF-WAY OF OLIVE STREET; THENCE CONTINUING ALONG SAID EASTERLY LINE N 00°00'00" E A DISTANCE OF 81.92 FEET; THENCE LEAVING SAID EASTERLY LINE N 36°17'22" W A DISTANCE OF 98.18 FEET; THENCE S 53°56'34" W A DISTANCE OF 168.49 FEET; THENCE S 00°01'25" E A DISTANCE OF 86.95 FEET TO A POINT ON SAID NORTHERLY RIGHT-OF-WAY OF OLIVE STREET; THENCE N 89°58'35" E ALONG SAID NORTHERLY RIGHT-OF-WAY A DISTANCE OF 169.30 FEET; THENCE N 44°59'17" E A DISTANCE OF 35.35 FEET TO THE EASTERLY LINE OF SAID LOT 2 AND THE TRUE POINT OF BEGINNING.

CONTAINS 26,794 SQUARE FEET, MORE OR LESS.

EXHIBIT B
**[Depicts Private Street Circulation System, Emergency Access Lanes, Parking Property,
and Basin Property]**

[See attached.]

EXHIBIT C-1
[Depicts Authority Easement Area]

[See attached.]

EXHIBIT C-2
[Depicts Olive Meadows Easement Area]

[See attached.]

EXHIBIT C-3
[Depicts Arrowhead Grove II Easement Area]

[See attached.]

EXHIBIT C-4
[Depicts Phase IV Easement Area]

[See attached.]

**PARTIAL ASSIGNMENT AND ASSUMPTION OF
DEVELOPMENT AGREEMENT**
(Arrowhead Grove Phase IV)

THIS PARTIAL ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of the _____ day of _____ 2025, by and among, the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic, (the "Authority"), ARROWHEAD GROVE PHASE 4 LP, a California limited partnership (the "Partnership"), and the CITY OF SAN BERNARDINO, a California municipal corporation (the "City").

RECITALS

A. The Authority and the City entered into a Development Agreement dated February 18, 2014 and recorded on June 12, 2014 in the Official Records of San Bernardino County as Instrument Number 2014-0212838, [as interpreted and clarified by a Letter Agreement dated [_____] (the "Letter Agreement") from the Authority to the City and agreed to by the City with respect to the Arrowhead Grove Development] (collectively, the "Development Agreement"). [A copy of the Letter Agreement is attached to this Agreement as Exhibit B.]

B. The Development Agreement pertains to the multi-phase development and use of certain real property owned by the Authority and located within the City of San Bernardino, County of San Bernardino as further described in the Development Agreement (the "Property").

C. The Authority will ground lease a portion of the Property to the Partnership as further described in Exhibit A (the "Arrowhead Grove IV Site") pursuant to a ground lease agreement between the Authority and the Partnership dated [____], 2025 (the "Ground Lease"), a memorandum of which is recorded concurrently herewith. The Partnership intends to demolish the existing improvements located on the Arrowhead Grove Site and construct a ninety one (92) unit development, on the Property to be known as Arrowhead Grove Phase IV (the "Arrowhead Grove IV Development").

D. The Authority desires to assign the Development Agreement, and all of the Authority's right, title and obligations under the Development Agreement to the Partnership, and the Partnership desires to assume all of the Authority's right, title and obligations under the Development Agreement from the Authority, only to the extent the Development Agreement pertains to the Arrowhead Grove IV Site and the development of the Arrowhead Grove IV Development.

E. In support of the development of the Arrowhead Grove IV Development the City has agreed to the partial assignment of the Development Agreement from the Authority to the

Partnership and the release of the Authority from such assigned rights as contemplated in Section 8.2 of the Development Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, it is hereby declared, understood and agreed as follows:

AGREEMENT

1. Assignment by the Authority. The Authority hereby assigns to the Partnership all of the Authority's right, title, and interest in and obligations under the Development Agreement only to the extent such pertain to the Arrowhead Grove IV Site and the development of the Arrowhead Grove IV Development (the "Partial Assigned Rights and Obligations").

2. Acceptance of Assignment and Assumption by the Partnership. The Partnership accepts the above assignment of the Partial Assigned Rights and Obligations, and assumes such Partial Assigned Rights and Obligations, and agrees to perform all of the obligations, covenants, and agreements of the Development Agreement as it applies to the Arrowhead Grove IV Site and the development of the Arrowhead Grove IV Development.

3. Effect of Assignment. From and after the Effective Date (as defined below) any reference in the Development Agreement to "Land Owner" shall be deemed to refer to the Partnership to the extent said reference relates to the Partial Assigned Rights and Obligations.

4. City Consent and Release of Obligations. Pursuant to Section 8.2 of the Development Agreement: (i) the City consents to the Partnership as an assignee, (ii) consents to the assignment by the Authority to the Partnership, of its rights and obligations under the Agreement as such pertain to Arrowhead Grove IV Site and the development of the Arrowhead Grove IV Development and the assumption by the Partnership, and (iii) releases the Authority from such assigned rights and obligations.

5. Development of the Arrowhead Grove IV Development. The City agrees that: (i) the Partnership as assignee is entitled to all rights under the Development Agreement as such pertain to the Arrowhead Grove IV Development, and (ii) upon completion of the Arrowhead Grove IV Development, the Arrowhead Grove IV Site will be deemed released from the restrictions and obligations of the Development Agreement pursuant to Section 8.3 of the Development Agreement and upon written request of the Partnership, the City agrees to provide written evidence confirming the same.

6. Representations. The Authority represents and warrants that it has not previously assigned, pledged, hypothecated or otherwise transferred any of its rights under the Development Agreement as they apply to the Arrowhead Grove IV Site and the development of the Arrowhead Grove IV Development.

7. Headings. The headings used in this Agreement are for convenience only and will be disregarded in interpreting the substantive provisions of this Agreement.

8. Successors and Assigns. This Agreement binds and inures to the benefit of the legal representatives, heirs, successors and assigns of the parties.

9. California Law. This Agreement is governed by and interpreted in accordance with the laws of the State of California.

10. Invalidity. If any provision of the Agreement is determined by a court to be invalid or unenforceable it will be deemed severed from this Agreement, and the remaining provisions will remain in full force and effect as if the invalid or unenforceable provision had not been a part of this Agreement.

11. Effective Date. The Agreement is effective as of the effective date of the Ground Lease (the "Effective Date").

12. Counterparts. This Agreement may be signed by the different parties hereto in counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement.

(signatures on following pages)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first above written.

AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic

By: _____
Maria Razo, Executive Director

CITY:

CITY OF SAN BERNARDINO, a
California municipal corporation

By: _____
[Name, Title]

Attest:

By: _____
[Name, Title]

Approved as to form:

[Name, Title]

[signatures continue on following page]

PARTNERSHIP:

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company
its general partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

EXHIBIT A
Legal Description
of Arrowhead Grove IV Site

[EXHIBIT B
Letter Agreement]

SUBORDINATION AGREEMENT
Arrowhead Grove Phase IV
Partial Assignment of Development Agreement

This Subordination Agreement (the “Subordination”) is entered into this _____, 2025, by the CITY OF SAN BERNARDINO, a California municipal corporation, (the “City”), the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic (the “Authority”), and ARROWHEAD GROVE PHASE 4 LP., a California limited partnership (the “Project Owner”), for the benefit of the United States of America, acting by and through the Secretary of Housing and Urban Development (“HUD”), collectively, the “Parties.”

WHEREAS, the Parties executed that certain Partial Assignment and Assumption of Development Agreement (the “Subordinate Document”), dated and recorded concurrently herewith, partially assigning that certain Development Agreement by and between the City and the Authority, dated February 18, 2014, and recorded on June 12, 2014, in the Official Records of San Bernadino County as Instrument Number 2014-0212838; and

WHEREAS, the Authority and Project Owner have entered into that certain Declaration of Trust/Restrictive Covenants (the “HUD Declaration”) for the benefit of HUD, dated and recorded as of substantially even date herewith, with respect to the Property;

WHEREAS, the Authority and Project Owner have entered into that certain Regulatory and Operating Agreement (the “Regulatory and Operating Agreement”), dated and recorded as of substantially even date herewith, with respect to that certain real property and improvements known as Arrowhead Grove IV and more particularly described in Exhibit A hereto (the “Property”);

WHEREAS, HUD requires that the HUD Declaration and Regulatory and Operating Agreement be recorded as the superior encumbrance on the Property;

NOW, THEREFORE, in consideration of the terms and conditions of the HUD Declaration and at the mutual request of the parties hereto, and pursuant to the requirements of HUD, the parties do hereby agree as follows:

1. **Subordination to Declaration of Restrictive Covenants.** The Subordinate Document, all modifications thereof, and the rights and interests of the City, the Authority and Project Owner thereunder shall be and are hereby made and shall remain completely and unconditionally subject and subordinate to the encumbrance of the HUD Declaration and to the Regulatory and Operating Agreement, and to all of the terms and conditions thereof

2. **Binding Agreement; Amendment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This

Agreement cannot be modified or amended, except by a writing signed by all parties hereto and approved by HUD.

3. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[SIGNATURE PAGE(S) TO FOLLOW]

[signature page to Subordination Agreement (Partial Assignment of Development Agreement)]

In witness whereof, the parties have executed this Subordination as of the date first written above.

City

CITY OF SAN BERNARDINO, a California
municipal corporation

By: _____
Teri Ledoux
City Manager

Attest:

By: _____
Georgeann Hanna, City Clerk

Approved as to form:

Gary Saenz, City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

[signature page to Subordination Agreement (Partial Assignment of Development Agreement)]

OWNER:

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company
its general partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation
its sole member and manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

[signature page to Subordination Agreement (Partial Assignment of Development Agreement)]

Authority:

HOUSING AUTHORITY OF THE COUNTY OF
SAN BERNARDINO, a public body, corporate and politic

By: _____
Maria Razo, Executive Director

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A
Legal Description

TEMPORARY LICENSE AND CONSTRUCTION AGREEMENT (Arrowhead Grove Phase IV)

THIS TEMPORARY LICENSE AND CONSTRUCTION AGREEMENT (the "Agreement") is made as of September __, 2025 (the "Effective Date"), by and among the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body corporate and politic organized under the laws of California (the "Authority"), ARROWHEAD GROVE PHASE 4 LP, a California limited partnership, (the "Partnership"), and NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA, a California nonprofit public benefit corporation ("NCRC").

RECITALS

A. The Authority is the owner of fee title to certain real property located within the City of San Bernardino (the "City"), County of San Bernardino, bounded generally by Baseline Street on the north, Waterman Avenue on the west, Olive Street on the south, and La Junta Avenue (a private street owned by the Authority) on the east (the "Site"). The Site is depicted on the map attached as Exhibit A to this Agreement (the "Map").

B. On or about March 18, 2016, the Authority entered into a long-term ground lease for approximately 6.4 acres located in the southeast corner of the Site and bounded by Orange Avenue to the north, Crestview Avenue to the west, Olive Street to the South, and La Junta Avenue to the east (the "Olive Meadows Property") with Waterman Gardens Partners 1, L.P., a California limited partnership as lessee. The Olive Meadows Property is improved with a 62-unit affordable housing community for rent to persons and families at affordable rents (the "Olive Meadows Development").

C. On or about September 30, 2019, the Authority entered into a long-term ground lease for approximately 9.03 acres of the Site bounded by Baseline Street to the north, the Arrowhead Grove Property (as defined below) to the west, the Authority Retained Property (as defined below) to the south, and Crestview Avenue to the east (the "Crestview Terrace Property") with Waterman Gardens Partners 2, L.P., a California limited partnership as lessee. The Crestview Terrace Property is improved with one hundred eighty-four (184) multifamily housing units including two (2) manager units in eighteen (18) buildings, and related ancillary facilities including but not limited to parking and common spaces, and a detention basin and open space (the "Crestview Terrace Development")

D. Concurrently herewith, the Authority is entering into a long-term ground lease with the Partnership as lessee (the "Arrowhead Grove Ground Lease") for an approximately 4.59-acre of vacant land bounded by North Adler Street to the west, the Crestview Terrace Development to the east, and the Authority Retained Property to the north and south, (the "Arrowhead Grove Property"). The Partnership intends to redevelop the Arrowhead Grove Property into an affordable housing development consisting of approximately ninety-two (92) multi-family affordable rental units (including one manager's unit), and related ancillary facilities including but not limited to parking and common spaces, and open space (the "Arrowhead Grove Development").

E. The balance of the Site not including the Olive Meadows Property, the Crestview Terrace Property, and the Arrowhead Grove Property (the "Authority Retained Property") is in the process of being redeveloped by the Housing Authority and may include future housing developments and shared community space.

F. The Partnership will be constructing the following offsite improvements (the "Offsite Improvements") on Authority Retained Property, concurrent with the construction of the Arrowhead Grove Development: (i) a detention basin adjacent to the Arrowhead Grove Property, and (ii) a portion of North Adler Street. The Offsite Improvements are more particularly described on the attached Exhibit B. The general contractor for the construction of the Offsite Improvements is NCRC.

G. NCRC has entered into a Standard Agreement with the California Department of Housing and Community Development ("HCD") dated _____, 2025 (the "HCD Standard Agreement") pursuant to which HCD has agreed to provide NCRC _____ Dollars (\$ _____), a portion of which NCRC will use to construct sidewalk improvements along La Junta Avenue (the "Infrastructure Improvements"). The Infrastructure Improvements are more particularly described on the attached Exhibit C.

H. The Authority, NCRC, and the Partnership desire to enter into this Agreement to allow for NCRC to construct the Infrastructure Improvements, and the Partnership (through NCRC) to construct the Offsite Improvements, on the Site, subject to the terms and conditions set forth below. The Infrastructure Improvements and the Offsite Improvements are collectively the "Permitted Work." A diagram of where the Permitted Work is to occur is attached as Exhibit D.

In reliance on the foregoing recitals, and in consideration of the terms, conditions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority, NCRC, and the Partnership (collectively, the "Parties") hereby agree as follows:

AGREEMENT

1. Grant of License for Offsite Improvements. Subject to the terms and conditions of this Agreement, the Authority hereby grants to the Partnership and its contractors, engineers, and consultants, and all of their respective employees and agents (the "Partnership Licensees") a non-exclusive license to enter the Authority Retained Property for the sole purpose of constructing the Offsite Improvements. The Partnership Licensees may not access or enter upon any portion of the Site except as reasonably necessary to perform the Offsite Improvements.

2. Grant of License for Infrastructure Improvements. Subject to the terms and conditions of this Agreement, the Authority hereby grants to NCRC and its subcontractors, engineers, and consultants, and all of their respective employees and agents (the "NCRC Licensees"), a non-exclusive license to enter the Authority Retained Property for the sole purpose of constructing the Infrastructure Improvements. The NCRC Licensees and the Partnership Licensees are collectively, the "Project Licensees." The NCRC Licensees may not

access or enter upon any portion of the Site except as reasonably necessary to perform the Infrastructure Improvements.

3. License Term. This Agreement will be in effect (the "Term") commencing on the Effective Date and ending on the earlier of: (a) _____, 2027, (b) NCRC's completion of the Infrastructure Improvements and the Partnership's completion of the Offsite Improvements whichever is later, or (c) the date this Agreement is terminated pursuant to Section 19. From and after the expiration of the Term, neither the Authority, the Partnership, nor NCRC shall have any further rights or obligations hereunder, except for any obligations which expressly survive the expiration of the Term pursuant to the provisions hereof.

4. Condition of Site. The Partnership and NCRC acknowledge that, by this Agreement, the Authority makes no representation, covenant, warranty, or promise of any kind whatsoever with respect to the Authority Retained Property, and the Partnership and NCRC are not relying on any representation, covenant, warranty, or promise by the Authority in entering into this Agreement. The Partnership and NCRC warrant and represent that, prior to the commencement of the Permitted Work, they will have made an inspection of the existing conditions of the Authority Retained Property including but not limited to the locations of existing utilities. The Partnership and NCRC shall promptly report in writing to the Authority any discovered condition, defects, errors, ambiguity or discrepancy which the Partnership and NCRC may discover as a result of its inspection which may affect the performance of the Permitted Work.

5. General Conditions Precedent to Commencement of Work. The Project Licensees shall have no right to enter the Authority Retained Property to perform the construction of the Permitted Work unless and until the satisfaction of the following conditions precedent, unless otherwise waived by the Authority.

a. Applicable Permits. The Partnership and NCRC shall have submitted to the Authority evidence that each has obtained all necessary permits for, or any other applicable approvals necessary for, the performance of the Permitted Work.

b. Insurance. The Partnership shall have submitted to the Authority evidence that it has complied with all of the insurance requirements of the Arrowhead Grove Ground Lease that are to be complied with prior to the commencement of the Permitted Work. NCRC shall have submitted to the Authority evidence that it has complied with all of the insurance requirements set forth in Exhibit E that are to be complied with prior to the commencement of the Permitted Work.

c. Performance and Payment Bonds. The Partnership shall provide the payment and performance bonds to the Authority for the performance of the Offsite Work, and shall name the Authority a co-obligee on such bonds. NCRC shall provide the payment and performance bonds required to be provided pursuant to the HCD Standard Agreement, and shall name the Authority a co-obligee on such bonds.

6. Schedule for the Permitted Work. At least thirty (30) days prior to commencing the Permitted Work, NCRC and the Partnership will submit to the Authority for the Authority's

approval, a schedule outlining the periods during which they will need access to the Authority Retained Property. NCRC shall construct the Infrastructure Improvements within the time frame set forth in the HCD Standard Agreement.

7. Completion of the Work. Once the Partnership and NCRC commence the Permitted Work, they shall diligently prosecute the Permitted Work to completion without interruption or delay, subject to force majeure and other delays beyond the reasonable control of the Partnership and NCRC. Title to, and ownership of, the Offsite Improvements and Infrastructure Improvements constructed by the Partnership and NCRC will vest in the Authority upon completion and acceptance of such improvements by the Authority.

8. Changes to Plans and Specifications for the Improvements. The Partnership and NCRC shall construct the Offsite Improvements and the Infrastructure Improvements in conformance with the plans and specifications approved by the City (the "Construction Documents"). The Partnership and NCRC shall notify the Authority in a timely manner of any changes in the Permitted Work required to be performed under the Construction Documents. Any material changes to the Permitted Work shall require the prior written approval of Authority which approval shall not be unreasonably withheld, conditioned or delayed.

9. Repair or Reconstruction of Defective Work.

a. The Partnership and NCRC shall, at their expense, promptly correct any of the Permitted Work rejected by the Authority, for failing to conform to the requirements of the Construction Documents, or damaged by the Project Licensees.

b. If, within a period of one (1) year after final acceptance of the work performed under this Agreement, any improvement or part of any improvement furnished and/or installed or constructed, or caused to be installed or constructed by the Partnership and/or NCRC, or any of the work done under this Agreement, fails to fulfill any of the requirements of this Agreement, the Partnership and/or NCRC will without delay and without any cost to the Authority repair or replace or reconstruct any defective or otherwise unsatisfactory part or parts of the work or structure. Establishment of the one-year period for correction as described in this Section relates only to the specific obligation of the Partnership and NCRC to correct the work, and has no relationship to the time within which the obligation to comply with this Agreement may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Partnership's or NCRC's liability with respect to obligations other than specifically to correct the work.

10. Use of the Site.

a. Equipment. The Partnership and NCRC shall confine operations at the Authority Retained Property to areas permitted by applicable permits and as indicated by the Authority, and shall not unreasonably encumber the Authority Retained Property with materials or equipment. Only materials and equipment that are to be used directly in the Permitted Work shall be brought to and stored on the Authority Retained Property. Protection of construction materials and equipment stored at the Authority Retained Property from weather, theft, damage, and all other adversity is solely the responsibility of the Partnership and NCRC. At the earlier

of: (i) the completion of the Permitted Work, or (ii) the expiration or earlier termination of this Agreement, the Partnership and NCRC shall remove any or all improvements, equipment, or any other personal property brought to the Authority Retained Property by or on behalf of the Partnership and NCRC at the Partnership's and NCRC's sole expense. The Authority is not required, at any time, to make any improvements, alterations, changes, or additions of any nature whatsoever to the Authority Retained Property to accommodate the installation, use, or operation of any equipment or structures by the Partnership and NCRC.

b. Access. The Partnership and NCRC shall ensure that the Permitted Work, at all times, is performed in a manner that affords reasonable and safe access, both vehicular and pedestrian, to the streets within the Site and all adjacent areas, including necessary emergency ingress and egress. The Permitted Work shall be performed, to the fullest extent reasonably possible, in such manner that public areas adjacent to the site of the Permitted Work shall be free from all debris, building materials, and equipment likely to cause hazardous conditions. Vehicle access shall only be along public and private roads and any parked vehicles shall not obstruct access.

c. Tenants. The Partnership and NCRC acknowledges that tenants shall be occupying the Site while the Permitted Work is being performed. The Partnership and NCRC shall take all necessary precautions to ensure that the Permitted Work is performed in such a manner so as not to endanger, threaten, or impair the safety of tenants and guest and invitees to the Site or to materially interfere with tenants' use and access to the Site, and shall construct and maintain reasonable safeguards as required by the condition and progress of the Permitted Work.

d. Protection of Work Area. Throughout the performance of the Permitted Work, the Partnership and NCRC shall safeguard the work areas and secure it at the completion of each days' work. The Partnership and NCRC shall erect and maintain, as required by existing conditions and performance of the Permitted Work, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations.

e. Accidents. The Partnership and NCRC shall promptly report in writing to the Authority all accidents arising out of or in connection with the Permitted Work that caused death, serious personal injury, or serious property damage.

11. Damage of Property. The Partnership and NCRC shall use commercially reasonable efforts to maintain the portion of the Authority Retained Property on which they are performing the Permitted Work in a safe and secure condition. If there is any damage to the Authority Retained Property or the improvements thereon attributable to the Permitted Work, the Partnership and/or NCRC as applicable, shall immediately repair such damage, at its sole cost. Upon termination of this Agreement, the Partnership and NCRC shall return any portion of the Authority Retained Property accessed by the Project Licensees for the Permitted Work in the same or better condition as existed immediately prior to commencement of the Permitted Work. In the event the Partnership or NCRC fail to restore the Authority Retained Property as set forth in this Section, then, in addition to any other rights and remedies available to the Authority, the Authority may in the Authority's sole discretion cause such necessary repair or restoration of the

Authority Retained Property, and the Partnership and/or NCRC as applicable shall promptly reimburse the Authority for all costs and expenses incurred by, or on behalf of the Authority, in connection with such repair following the Authority's written demand.

12. Right to Stop Work. In the event the Authority reasonably determines that the Project Licensees' activities in any way endanger the Authority Retained Property or the health and safety of any person or property, then, in addition to any other rights or remedies available to Authority, Authority may, at Authority's reasonable discretion, immediately stop the use of the Authority Retained Property by the Project Licensees until proper and appropriate protective measures may be taken to eliminate such endangerment. The Authority's right to stop use or work under this Section shall not in any way affect or alter the Partnership's and NCRC's obligations hereunder that pertain to health, safety, or the protection of the environment, and are in addition to the other rights and remedies set forth herein.

13. Compliance with Law; Conduct of the Licensees.

a. The Partnership and NCRC shall at all times perform the Permitted Work in accordance with: (i) all applicable federal, state, county and local laws, (ii) all applicable ordinances, zoning restrictions, rules, regulations, orders, and any requirements of any duly constituted public authorities now or hereafter in any manner affecting the Authority Retained Property, and (iii) the Construction Documents. If the Partnership and/or NCRC perform the Permitted Work contrary to this requirement, the Partnership and/or NCRC shall assume responsibility for such work and shall bear the costs attributable to correction.

b. All activities conducted on the Authority Retained Property by or on behalf of the Partnership and NCRC shall be done in a safe, workmanlike manner, and only after the Partnership and NCRC have obtained all necessary permits and approvals. The Partnership and NCRC shall not create, and shall not knowingly permit, any dangerous or unsafe condition at or about the Authority Retained Property. The Partnership and NCRC assume all responsibility for the safety of all persons performing the Permitted Work.

c. The Partnership and NCRC shall be responsible for and coordinate any and all inspections required by any governmental body that has jurisdiction over the Permitted Work.

d. The Partnership and NCRC are solely responsible for all aspects of the performance of the Permitted Work, including (but not limited to) the quality and suitability of the Construction Documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, and consultants. Any review or inspection undertaken by the Authority with reference to the Permitted Work is solely for the purpose of determining whether the Partnership and NCRC are properly discharging their obligations to the Authority, and should not be relied upon by the Partnership or NCRC or by any third parties as a warranty or representation by the Authority as to the quality of the design or construction of the Permitted Work and does not relieve the Partnership or NCRC, or any of their consultants, from any applicable requirement to obtain applicable public agency approvals and/or inspections.

14. Prevailing Wages.

a. Davis Bacon. The Partnership and NCRC shall cause performance of the Permitted Work to be in compliance with the prevailing wage requirements of the federal Davis-Bacon Act (40 U.S.C. 3141-3148). The Partnership and NCRC shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the Authority) the Authority against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Partnership and NCRC, their contractor and subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations in connection with the Permitted Work.

b. State Prevailing Wages.

i. To the extent required by applicable law the Partnership and NCRC shall:

1. pay, and shall cause any consultants or contractors to pay, prevailing wages in the performance of the Permitted Work as those wages are determined pursuant to California Labor Code Section 1720 et seq.;

2. cause any consultants or contractors to employ apprentices as required by California Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"), and to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR;

3. keep and retain, and shall cause any consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Section 1720 et seq., and apprentices have been employed are required by California Labor Code Section 1777.5 et seq.;

4. post at the Site, or shall cause the contractor to post at the Site, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

5. cause contractors and subcontractors constructing the Improvements to be registered as set forth in California Labor Code Section 1725.5;

6. cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the performance of the Permitted Work to specify that: (a) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Permitted Work unless registered with the DIR pursuant to California Labor Code Section 1725.5; and (b) the performance of the Permitted Work is subject to compliance monitoring and enforcement by the DIR;

7. provide the Authority all information required by California Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

8. cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

9. cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

ii. The Partnership and NCRC shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the Authority) the Authority against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including the Partnership and NCRC, their contractor and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices pursuant to California Labor Code Section 1777.5 et seq., to meet the conditions of California Labor Code Section 1771.4, and implementing regulations of the DIR, or to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and 1771.4, and the implementing regulations of the DIR, in connection with the performance of the Permitted Work.

15. Liens. NCRC and the Partnership shall not permit any lien, charge or encumbrance to be filed against title to the Authority Retained Property in connection with their rights or obligations under this Agreement. If any claim of lien is filed against the Authority Retained Property, the Partnership and NCRC shall, within twenty (20) days after such filing, either pay and fully discharge the lien, or provide the Authority with assurance satisfactory to the Authority that the claim of lien, charge, or encumbrance will be paid or discharged. If the Partnership and/or NCRC fail to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then the Authority may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at the Partnership's and/or NCRC's expense and the Partnership and NCRC as applicable shall reimburse the Authority for the cost thereof within ten (10) days after written demand by the Authority.

16. Nondiscrimination. During the performance of the Permitted Work there shall be no discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the construction work.

17. Release. The Partnership and NCRC accept the Authority Retained Property as provided in this Agreement for the performance of the Permitted Work in its current "as-is" condition including all faults, or defects, or hazardous conditions known or unknown (if any). The Authority shall not be liable to the Partnership and/or NCRC for, and the Partnership and NCRC hereby waive and release the Authority, its commissioners, officers, directors, employees, agents, successors, and assigns (collectively, the "Released Parties") from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to an occurrence on the Authority Retained Property, the condition of the Authority

Retained Property, or the use of the Authority Retained Property, in each case for the performance of the Permitted Work pursuant to this Agreement. The Partnership and NCRC hereby waive and agrees not to commence any action, legal proceeding, cause of action, or suits in law and equity, of whatever kind and nature, directly or indirectly against the Released Parties in connection with the Partnership's and/or NCRC's use of the Authority Retained Property pursuant to this Agreement and the Partnership and NCRC on their own behalf, and on behalf of any other party claiming by or through the Partnership and NCRC, expressly waives the provisions of Section 1542 of the California Civil Code which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

NCRC's Initials: _____

Partnership's Initials: _____

The Partnership and NCRC acknowledges that the release set forth above is an integral part of this Agreement, and that Authority would not have agreed to enter into this Agreement without the release set forth above. This release shall survive termination and expiration of the Agreement.

18. Indemnification. The Partnership and NCRC shall indemnify, defend and hold harmless the Authority, its commissioners, directors, officers, employees, agents, successors and assigns (collectively, the "Indemnitees") from and against all claims, loss, damage, actions, causes of action, expense (including but not limited to reasonable attorney's fees and expenses related to mechanics liens claims) and/or liability arising from or related to this Agreement, the performance of the Permitted Work, or the Partnership's or NCRC's or any Project Licensee's use or occupancy of the Authority Retained Property for the performance of the Permitted Work, including without limitation, any action, or failure to act by the Partnership or NCRC or any other party claiming any rights under the Partnership or NCRC. This indemnity shall not apply to any claim arising from the Indemnitees' gross negligence or willful misconduct. This indemnity shall survive the expiration or termination of this Agreement.

19. Default. In the event of any breach of this Agreement by the Partnership or NCRC, the Authority will give written notice describing the breach and thirty (30) days in which to cure; provided, however that if such cure cannot reasonably be completed within such thirty (30) day period, then the Partnership and/or NCRC as applicable shall have such additional period as shall be reasonably necessary to cure such default, provided that the Partnership and/or NCRC as applicable commences such cure within such thirty (30) day period and thereafter diligently prosecutes such cure to completion no later than sixty (60) days after the date of Authority's written notice of breach to the Partnership and/or NCRC as applicable. Should the Partnership and/or NCRC as applicable fail to cure such breach within such cure period, the Authority may enforce all the remedies available to it at law or in equity, including, but not

limited to, specific performance, and an action for damages. The Authority may also cancel and terminate this Agreement in the event of a default by the Partnership and/or NCRC as applicable which is not cured within the period provided herein. The rights and remedies of the Authority are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by the Authority shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the Partnership and/or NCRC as applicable. Upon such termination, the Authority will have the right to remove from the Authority Retained Property any personal property placed on the Authority Retained Property by the Project Licensees, including but not limited to, any equipment, structures and improvements.

20. Quitclaim. At any time following termination of this Agreement, within ten (10) days of request by the Authority to the Partnership and/or NCRC, the Partnership and/or NCRC shall provide a quitclaim deed as may be required by a title company in order to eliminate or release any claims that the Partnership and/or NCRC, its officers, contractors, or employees or other third parties may have related to this Agreement, the activities contemplated hereunder. The provisions of this paragraph shall survive termination or expiration of this Agreement.

21. Attorneys' Fees. In the event of any action or proceeding at law or in equity between the Authority and the Partnership and/or NCRC to enforce any provision of this Agreement or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees incurred therein by such prevailing party, and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included in and as a part of such judgment.

22. Notices. All notices required to be given by either party shall be made in writing and may be effected (i) by personal delivery, (ii) via reputable overnight courier service, or (iii) by mail, registered or certified, postage prepaid with return receipt requested. Couriered and mailed notices must be addressed to the Parties at the addresses, appearing below in this Section, but any party may change its designated address by giving written notice to the other Parties in accordance with this Section. Notices delivered personally will be deemed communicated as of actual receipt; notices sent via overnight courier will be deemed communicated as of the date delivered by the courier; mailed notices will be deemed communicated as of the date of receipt or the third day after mailing, whichever occurs first. The Parties' addresses are as follows:

Authority: Housing Authority of the County of San Bernardino
715 East Brier Drive
San Bernardino, CA 92408-2841
Attn: Executive Director

Partnership: Arrowhead Grove Phase 4 LP
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: President/CFO

NCRC: National Community Renaissance of California

9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: General Counsel

23. Governing Law. This Agreement is governed by and construed in accordance with California law, without resort to choice of law principles.

24. Binding on Successors. This Agreement and the Parties' respective obligations hereunder are binding upon, and inure to the benefit of, the Parties' respective representatives, successors, and assigns.

25. No Right to Develop; Non-Possessory Interest. The Partnership and NCRC acknowledge that this Agreement merely permits the Partnership and NCRC the limited right to enter the Authority Retained Property, as set forth herein, to perform the Permitted Work and does not grant any other right to use or otherwise develop the Authority Retained Property. Notwithstanding the limited right to enter granted herein, the Authority retains full ownership and possession of the Authority Retained Property, and neither the Partnership nor NCRC will acquire any ownership interest, or estate in the Authority Retained Property, whether temporary, permanent, revocable, or irrevocable, possessory, or otherwise, by reason of this Agreement, or by the exercise of the rights granted herein. The Partnership and NCRC will make no claim to any such estate or interest and hereby waive and relinquish any and all right or claim they has or may have in or to any such estate or interest.

26. Relationship of Parties; No Third-Party Beneficiaries.

a. Nothing contained in this Agreement shall be interpreted or understood by any of the parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Authority on one hand, and the Partnership and NCRC on the other, and the Partnership and NCRC shall at all times be wholly responsible for the manner in which they or their agents, or both, perform the services required of it by the terms of this Agreement. The Authority shall not have any liability or duty to any person, firm, corporation, or governmental body for any act of omission or commission, liability, or obligation of the Partnership and/or NCRC, whether arising from actions under this Agreement or otherwise.

b. This Agreement is made and entered into only for the protection and benefit of the Parties and their respective successors and permitted assigns. No other person shall have or acquire any right or action of any kind based upon the provisions of this Agreement except as explicitly provided to the contrary in this Agreement.

27. Entire Agreement. This Agreement constitutes the sole understanding of the Parties with respect to the subject matter of this Agreement and may not be amended or modified except in writing signed by the Parties. The Partnership and NCRC have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including, but not limited to Civil Code Section 1654, as may be amended from time to time) shall not apply to the interpretation of this Agreement.

28. Waiver. No waiver of any right under this Agreement shall be deemed effective unless contained in a writing signed by the Party charged with the waiver. No waiver of any breach or any failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other right arising under this Agreement.

29. Assignment. This license is personal to the Partnership and NCRC and neither the Partnership nor NCRC may assign this Agreement in whole or in part.

30. Severability. If any provision of this Agreement or the application of any provision to any person or circumstances is deemed to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

31. Multiple Originals; Counterparts. This Agreement may be executed in counterparts and multiple originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

32. Time. In all matters under this Agreement, the Parties agree that time is of the essence.

SIGNATURES ON FOLLOWING PAGES

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date.

AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic

By: _____
Maria Razo, Executive Director

PARTNERSHIP:

ARROWHEAD GROVE PHASE 4 LP, a California limited partnership

By: NCRC AG4 MGP LLC, a California limited liability company, its general partner

By: National Community Renaissance of California, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Michael Finn
Chief Financial Officer

NCRC:

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA, a California nonprofit public benefit corporation

By: _____
Michael Finn
Chief Financial Officer

EXHIBIT A

MAP

A-1

EXHIBIT B

OFFSITE IMPROVEMENTS

EXHIBIT C

INFRASTRUCTURE IMPROVEMENTS

EXHIBIT D

DIAGRAM OF PERMITTED WORK

EXHIBIT E

NCRC INSURANCE REQUIREMENTS

NCRC shall purchase and maintain insurance of the types and limits of liability, containing the endorsements, and subject to the terms and conditions, as described in this Exhibit.

Section 1. Commercial General Liability insurance for the Permitted Work written on an occurrence form with policy limits of not less than Two Million Dollars (\$2,000,000) each occurrence, Four Million Dollars (\$4,000,000) general aggregate, and Four Million Dollars (\$4,000,000) aggregate for products-completed operations hazard, providing coverage for claims including:

- .a damages because of bodily injury, sickness or disease, including occupational sickness or disease, and death of any person;
- .b personal and advertising injury;
- .c damages because of physical damage to or destruction of tangible property, including the loss of use of such property;
- .d bodily injury or property damage arising out of completed operations; and
- .e NCRC's indemnity obligations under this Agreement.

In addition to the commercial general liability insurance set forth above, NCRC shall obtain an "installation floater" or equivalent builder's risk property insurance covering NCRC's interest in the Site and all of NCRC's total equipment and personal property during the course of construction.

Section 2. Automobile Liability covering vehicles owned by NCRC and non-owned vehicles used by NCRC, with policy limits of not less than Two Million Dollars (\$2,000,000) per accident, for bodily injury, death of any person, and property damage arising out of the ownership, maintenance, and use of those motor vehicles along with any other statutorily required automobile coverage.

Section 3. NCRC may achieve the required limits and coverage for Commercial General Liability and Automobile Liability through a combination of primary and excess or umbrella liability insurance, provided such primary and excess or umbrella insurance policies result in the same or greater coverage as those required above, and in no event shall any excess or umbrella liability insurance provide narrower coverage than the primary policy. The excess policy shall not require the exhaustion of the underlying limits only through the actual payment by the underlying insurers.

Section 4. Workers' Compensation at statutory limits.

Section 5. Employers' Liability with policy limits not less than One Million Dollars (\$1,000,000) each accident, One Million Dollars (\$1,000,000) each employee, and One Million (\$1,000,000) policy limit.

Section 6. If NCRC is required to furnish professional services as part of the Work, NCRC shall procure Professional Liability insurance covering performance of the professional services, with policy limits of not less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) in the aggregate.

Section 7. If the Work involves the transport, dissemination, use, or release of pollutants, NCRC shall procure Pollution Liability insurance, with policy limits of not less than One Million Dollars (\$1,000,000) per claim and Two Million Dollars (\$2,000,000) in the aggregate endorsed to include Non-Owned Disposal Site coverage. Coverage must be maintained for at least three (3) years after completion of the Permitted Work.

Section 8. NCRC shall provide certificates of insurance acceptable to the Authority evidencing compliance with the requirements in this Exhibit at the following times: (i) prior to commencement of the Permitted Work; (ii) upon renewal or replacement of each required policy of insurance; and (iii) upon the Authority's written request. The certificates will show the Authority as an additional insured on NCRC's Commercial General Liability and excess or umbrella liability policy.

Section 9. NCRC shall disclose to the Authority any deductible or self- insured retentions applicable to any insurance required to be provided by NCRC.

Section 10. To the fullest extent permitted by law, NCRC shall cause the commercial liability coverage required by this Exhibit to include the Authority as an additional insured for claims caused in whole or in part by NCRC's negligent acts or omissions during NCRC's operations. The additional insured coverage shall be primary and non-contributory to any of the Authority's general liability insurance policies and shall apply to both ongoing and completed operations. To the extent commercially available, the additional insured coverage shall be no less than that provided by Insurance Services Office, Inc. (ISO) forms CG 20 10 07 04, CG 20 37 07 04.

Section 11. Within three (3) business days of the date NCRC becomes aware of an impending or actual cancellation or expiration of any insurance required by this Exhibit, NCRC shall provide notice to the Authority of such impending or actual cancellation or expiration. Upon receipt of notice from NCRC, the Authority shall, unless the lapse in coverage arises from an act or omission of the Authority, have the right to stop the Permitted Work until the lapse in coverage has been cured by the procurement of replacement coverage by NCRC. The furnishing of notice by NCRC shall not relieve NCRC of any contractual obligation to provide any required coverage.

Section 12 . The Authority and such other persons and entities as may be designated by Authority in writing, shall be named as additional insureds under the policies required by Sections 1 and 2, by way of endorsement acceptable to Authority. The Additional Insured endorsement shall provide coverage arising out of both ongoing and completed operations. The endorsement must specify NCRC as the named insured and shall include the policy number and expiration date. The additional insured endorsement shall provide that the insurance is primary insurance with respect to the interests of such additional insureds, and that any other insurance or self insurance maintained by or available to the additional insured shall be excess and non-

contributory with the insurance provided hereunder. The coverage provided to the additional insureds must be at least as broad as that provided to NCRC and may not contain any additional exclusionary language or limitations applicable to the additional insureds. The endorsement shall provide that no act or omission of an additional insured shall affect or limit the coverage otherwise provided.

Section 13. In no event shall any failure of the Authority to receive certified copies or certificates of policies required under this Exhibit or to demand receipt of such certified copies or certificates prior to NCRC's commencing the Work be construed as a waiver by the Authority of NCRC's obligations to obtain insurance pursuant to this Exhibit. The obligation to procure and maintain any insurance required by this Exhibit is a separate responsibility of NCRC and independent of the duty to furnish a certified copy or certificate of such insurance policies.

Section 14. When any required insurance, due to the attainment of a normal expiration date or renewal date, shall expire, NCRC shall supply the Authority with Certificates of Insurance and amendatory riders or endorsements that clearly evidence the continuation of all coverage in the same manner, limits of protection, and scope of coverage as was provided by the previous policy. In the event any renewal or replacement policy, for whatever reason obtained or required, is written by a carrier other than that with whom the coverage was previously placed, or the subsequent policy differs in any way from the previous policy, NCRC shall also furnish the Authority with a certified copy of the renewal or replacement policy unless the Authority provides NCRC with prior written consent to submit only a Certificate of Insurance for any such policy. All renewal and replacement policies shall be in form and substance satisfactory to the Authority and written by carriers acceptable to the Authority.

Section 15. If NCRC fails to purchase and maintain, or require to be purchased or maintained, any insurance required under this Exhibit, the Authority may, but shall not be obligated to, (i) upon five (5) days' written notice to NCRC, purchase such insurance on behalf of NCRC and shall be entitled to be reimbursed by NCRC upon demand, or (ii) terminate this Agreement, and Authority shall retain all remedies for breach of this Agreement. If NCRC fails to obtain insurance required by this Contract, NCRC shall fully indemnify, defend and hold harmless the Authority and its commissioners, officers, directors, employees and agents from any and all claims for which the required insurance would have provided coverage.

Section 16. Any aggregate limit under NCRC's liability insurance shall, by endorsement, apply to the Permitted Work separately.

Section 17. None of the requirements contained herein as to types, limits and acceptability of insurance coverages to be maintained by NCRC are intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by NCRC under the Agreement or at law, including without limitation, NCRC's indemnification obligations and liability in excess of the limits and coverages required herein. Neither receipt of certificates, endorsements, or policies showing less or different coverage than required, nor any other forbearance or omission by or for the Authority, shall be deemed a waiver of, or estoppel to assert, any right or obligation regarding the insurance requirements herein. NCRC shall be solely responsible to pay any amount that lies within the deductible or self-insured retention of NCRC's insurance policies,

regardless of the amount of the deductible or self-insured retention and regardless of the cause of the loss, injury or damage.

JOINT DEVELOPMENT AGREEMENT
(Arrowhead Grove Phase IV)

This Joint Development Agreement (the "Agreement") is entered into as of _____, 2025 (the "Effective Date"), by and between National Community Renaissance of California, a California nonprofit public benefit corporation ("NCRC") and the Housing Authority of the County of San Bernardino, a public body corporate and politic (the "Authority"). NCRC and Authority will be referred to collectively in this Agreement as the "Developer" or "Parties."

RECITALS

A. The Authority owns certain real property in the City of San Bernardino (the "City") located east of North Adler Street between Baseline Road and Olive Street, more particularly described in Exhibit A (the "Property").

B. NCRC acting through its affiliated entity known as NCRC AG4 MGP LLC, a California limited liability company ("Managing General Partner") and the Authority, acting through Waterman Affordable 4 LLC, a California limited liability company ("Waterman 4 LLC") formed the California limited partnership, Arrowhead Grove Phase 4 LP, a California limited partnership (the "Partnership"), to develop, own, and operate an affordable housing development consisting of approximately ninety-two (92) multi-family affordable rental units (including one manager's unit) (collectively the "Phase IV Development") on the Property.

C. The Authority intends to convey a leasehold interest in the Property to the Partnership by execution of a long-term ground lease.

D. Managing General Partner will serve as the sole and managing general partner of the Partnership. Waterman 4 LLC will serve as a special limited partner (the "Special Limited Partner"). The initial limited partner of the Partnership is Southern California Affordable Housing Corporation, a California nonprofit public benefit corporation ("SCAHC").

E. Upon admission of a tax credit investor as the limited partner of the Partnership (the "Investor"), the Managing General Partner, the Special Limited Partner and the Investor are expected to enter into a Second Amended and Restated Limited Partnership Agreement (the "Amended and Restated LPA").

F. This Agreement will serve as a guide to the roles and responsibilities of the Parties. The Parties desire to enter into this Agreement to set forth their mutual agreements regarding the development efforts necessary for the Phase IV Development and their respective obligations in connection with the Phase IV Development.

G. The Parties intend to utilize the following funding sources with respect to the Phase IV Development: an allocation of 4% federal low income housing tax credits ("LIHTC") from the California Tax Credit Allocation Committee ("TCAC"); a tax exempt construction loan and a taxable tail construction loan from Capital One, N.A.; Affordable Housing and Sustainable Communities Program ("AHSC") funding; County of San Bernardino (the "County") funds

("County Loan"); City of San Bernardino funds ("City Loan"); an Authority ground lease loan; a permanent loan from California Community Reinvestment Corporation ("CCRC"); Project Based Vouchers pursuant to Section 8 of the United States Housing Act of 1937, as amended ("PBVs"), and such other sources as may be necessary and appropriate for funding of acquisition, development, and operation of the Phase IV Development (collectively, the "Development Funding").

NOW, THEREFORE, in consideration of the recitals and mutual promises and agreements set forth in this Agreement, the Parties agree as follows:

ARTICLE 1. ORGANIZATION AND OWNERSHIP

Section 1.1 Ownership Interests and Initial Capital Contributions. The Parties anticipate that they will have the following partnership interests (the "Partnership Interests") in the Partnership and will make initial capital contributions to the Partnership in the following amounts:

NCRCs LLC (as Managing General Partner)	.005% \$50 (U.S. Dollars)
Waterman 4 LLC (as Special Limited Partner)	.0005% \$50 (U.S. Dollars)
SCAHC (as Initial Limited Partner)	99.99% \$1,000 (U.S. Dollars)

Section 1.2 Funding. The Partnership will pursue public financing as the primary source for construction and permanent funding for the Phase IV Development.

Section 1.3 Payment of Predevelopment Expenses.

(a) Predevelopment Expenses. All predevelopment expenses incurred in connection with the Phase IV Development (the "Predevelopment Expenses") shall be split such that (i) NCRC pays Seventy Percent (70%) of the Predevelopment Expenses; and (ii) the Authority pays Thirty Percent (30%) of the Predevelopment Expenses (the "Predevelopment Expense Ratio").

(b) Payment and Advances. NCRC may make advances to the Partnership to pay any Predevelopment Expenses prior to the closing of the construction loan for the Phase IV Development (the "NCRC Advances"). All amounts attributable to such NCRC Advances (whether incurred directly by NCRC or via an advance to the Partnership) shall be reimbursed to NCRC in accordance with the Predevelopment Expense Ratio at the construction loan closing/tax credit syndication or no later than funding of the first construction loan draw. If and to the extent Waterman 4 LLC or the Authority have funded Predevelopment Expenses, each shall be reimbursed for all reasonable out-of-pocket Predevelopment Expenses in accordance with the Predevelopment Expense Ratio at the construction loan closing or no later than funding of the first construction loan draw. Each Party will be responsible for its own internal administrative costs, incurred in negotiating and performing its obligations under this Agreement.

(c) Predevelopment Invoices. During the predevelopment phase of the Phase IV Development, NCRC will pay invoices for Predevelopment Expenses (the "Predevelopment Invoices") in a timely manner. Within ten (10) days of the Effective Date, NCRC shall provide the Special Limited Partner electronic copies of all Predevelopment Invoices paid by NCRC prior to the Effective Date. Within five (5) business days of NCRC's delivery of a Predevelopment Invoice to the Authority, including any paid by NCRC prior to the Effective Date, the Authority shall reimburse NCRC for its portion of the Predevelopment Expenses in accordance with the Predevelopment Expense Ratio.

Section 1.4 Right of Parties to View Necessary Information. The Parties will have the right to review all reasonably necessary information about the financial, legal and organizational structure of each other to the extent necessary to provide the assurances needed in order to enter into a formal relationship. NCRC shall provide any information reasonably requested by the Authority in connection with the Phase IV Development, including (but not limited to) any information required by HUD in connection with the performance of the development activities financed with federal funds.

Section 1.5 Phase IV Development Public Relations. All press releases, signage and correspondence describing the developer of the Phase IV Development will include NCRC and the Housing Authority.

Section 1.6 Developer Fees. The Phase IV Development is structured to include a capitalized fee earned by the Developer (the "Developer Fees"), the Developer Fees will be earned and allocated Fifty Percent (50%) to NCRC and Fifty Percent (50%) to the Authority. To the extent such a change in the Developer Fees split occurs, the Parties will amend this Agreement to reflect the revised division.

Section 1.7 Partnership Management Fees. During the tax credit compliance period, partnership management fees of approximately \$7,500 per year (increased annually by CPI) will be paid to the Investor Limited Partner. During the tax credit compliance period, an additional partnership management fee up to \$15,000 per year (increased annually by CPI) will be paid to NCRC. For purposes of this Section 1.7, the term "CPI" shall mean the Consumer Price Index (Riverside- San Bernardino-Ontario, CA. All Urban Consumers.), as published monthly by the U.S. Department of Labor.

Section 1.8 Partnership Income and Distributions. All net cash flow (after payment of eligible expenses), income and distributions to the Managing General Partner and the Special Limited Partner will be divided between the Managing General Partner and the Special Limited Partner according to the following allocation: Fifty Percent (50%) to Managing General Partner and Fifty Percent (50%) to Waterman 4 LLC. The foregoing sharing of net cash flow and sale and refinancing proceeds will apply at all times during the term of the Partnership, or for as long as each such Party remains a partner in the Partnership, in accordance with the Amended and Restated LPA.

Section 1.9 Administration Fee. Pursuant to Section 2.3, below, NCRC will serve as the property management agent for the Phase IV Development and will receive a "Property

Management Fee" in the amount prescribed under Section 2.3 below.

Section 1.10 Loans. The Authority will provide the Partnership with a loan to pay for capitalize lease payments under the ground lease.

Section 1.11 Guarantees. Unless otherwise agreed in writing, NCRC will provide all guaranties required by lenders and investors during construction. Any guaranties relating to the period after completion of construction and lease-up (e.g., for operating deficits) will be provided by NCRC. The liability of Waterman 4 LLC and the Authority to the other Partners or to the Partnership or to any third person shall be limited solely to Waterman 4 LLC's partnership interest in the Partnership. The partnership agreement of the Partnership will indemnify the Special Limited Partner of the Partnership by incorporating substantially the following language:

"The General Partner does hereby indemnify, defend, protect and agree to hold the Special Limited Partner, their members, governing board members, officers, employees, agents, (the "Indemnified Parties") wholly harmless from and against any loss, cost (including, without limitation, reasonable attorney's fees), damage, liability, claim, suit, action, cause of action, fine, penalty or expense, demands, judgments, and liens directly or indirectly arising out of or resulting from: (a) the General Partner's performance or non-performance of its obligations under this Agreement; (b) any act or omission of the General Partner any of its agents, employees, licensees, tenants, contractors, subcontractors or material suppliers, or other person or entity with respect to the activities undertaken under on behalf of the Partnership; or (c) any documents executed by the General Partner in connection with the Development. The General Partner's indemnification obligation applies to the Indemnified Parties' "active" as well as "passive" negligence but does not apply to the Indemnified Parties' "gross negligence" or "willful misconduct" within the meaning of Civil Code Section 2782. The provisions of this section shall survive the termination of this Agreement."

ARTICLE 2. OBLIGATIONS AND ACTIVITIES OF THE PARTIES

Section 2.1 Reserved.

Section 2.2 Development Process. As Managing General Partner, NCRC will take the lead in carrying out the tasks necessary to obtain regulatory approval, financing, equity, and construction of the Phase IV Development, and will, subject to Section 2.5 below, be responsible for the management of construction of the Phase IV Development.

Section 2.3 Property Management. Subject to compliance with HUD requirements, the Parties intend that NCRC will be the property management agent for the Phase IV Development for seventy dollars (\$70) per unit per month, which shall be increased by three percent (3%) per annum for any automatic renewal ("Property Management Fee") as set forth in the Management Agreement for this project. Subject to the approval of and conditions imposed by the investors, lenders and regulators, the Property Management Fee will be paid "above the line" as a fixed operating expense of the Partnership. If NCRC ceases to be the property management agent for the Phase IV Development the Parties will select the successor property

management agent for the Phase IV Development, (which approval shall not be unreasonably withheld), subject to the further approval of lenders, investors and regulators; provided, that the Parties agree that in no event shall such successor property management agent be an affiliate of NCRC.

Section 2.4 General Contractor. The Partnership may award the construction contract to a related contractor/builder (Identity of Interest) if the related contractor/builder has met HUD requirements under either 24 CFR 905.604(i)(1) or 24 CFR 905.604(i)(2). The Parties intend that NCRC's Construction Division (the "Contractor") will be the general contractor for the Phase IV Development so long as profit, overhead, and general conditions do not exceed the maximum allowed by TCAC. The Contractor shall ensure that all subcontracts and suppliers are competitively bid out by the Contractor as required under applicable law, and subject to the approval of lenders, investors and regulators and subject to the requirements set forth in this Section 2.4.

The Authority shall have the sole and absolute discretion to select an independent third-party consultant (the "Consultant") to conduct a comparison of costs for the Phase IV Development, which shall assist the Authority in determining compliance with 24 CFR 905.604(i)(1) or 24 CFR 905.604(i)(2). Prior to executing any agreement with the Consultant, the Authority shall provide NCRC the identity of the Consultant, their professional qualifications and any other background information NCRC may reasonably request.

The Consultant's primary responsibility shall be to conduct a trade-by-trade analysis of the construction costs of the Phase IV Development (the "Initial Consultant's Cost Estimate"). If and to the extent the Consultant determines that the Contractor's cost for any particular trade line item are greater than of the Consultant's Cost Estimate ("Initial Cost Overage"), the Consultant shall provide a list of the Initial Cost Overages to NCRC. NCRC may provide to the Consultant and the Authority a detailed explanation and such reasonable information and detail contesting any of the Initial Cost Overages or such trade line determinations. NCRC shall be entitled to submit such additional information, data and materials to the Consultant for the Consultant's consideration if NCRC, acting in good faith, believes that the Consultant's Initial Cost Estimate or the Initial Cost Overage of such trade line was erroneous. If the Consultant does not revise the Consultant's Trade Estimate and the Initial Cost Overage is in excess of the lesser of Two Hundred Thousand Dollars (\$200,000) or twenty-five percent (25%) of the trade cost identified by the Contractor, then the Contractor can either: (1) obtain additional bids for the trade and use the average of the bids received to conduct a new trade line comparison; (2) elect to mediate or arbitrate the dispute over the contested Initial Cost Overage; or (3) elect to pay the Initial Cost Overage. NCRC shall be responsible to pay any and all: (i) uncontested Initial Cost Overages, (ii) any contested Initial Cost Overages that are not in excess of the lesser of Two Hundred Thousand Dollars (\$200,000) or twenty-five percent (25%) of the trade cost identified by the Contractor; and (iii) any cost overages that result from contested Initial Consultant's Cost Estimates under clauses (1) and (2) above (all collectively referred to as, "Final Cost Overages"). NCRC may use its own funds or cost savings from other: trades or line items under the approved Project Financing Plan to pay for any Final Cost Overages. NCRC shall guarantee payment of all Final Cost Overages identified by the Consultant in excess of the guaranteed maximum contract price stated in the construction contract.

Any dispute, claim or controversy arising out of or relating to this Section 2.4, shall be settled or made by binding arbitration in San Bernardino, California. The arbitration shall be administered by JAMS pursuant to JAMS' Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those rules, now or hereafter in effect.

Section 2.5 Development Process- NCRC Responsibility.

NCRC, as the Managing General Partner will be responsible for the following activities and will maintain open and ongoing communications regarding the development process.

(a) Financial. NCRC has prepared and submitted predevelopment, construction and permanent financing pro formas, operating pro formas, applications for debt and equity financing, and applications for subsidies. (the "Project Financing Plan"). NCRC shall submit to the Waterman 4 LLC any material changes to the Project Financing Plan for the Phase IV Development. Waterman 4 LLC shall review the proposed revisions to the Project Financing Plan and shall either approve or disapprove the revisions to the Project Financing Plan in writing within fifteen (15) days of receipt, which approval shall not be unreasonably withheld. If disapproved, Waterman 4 LLC shall give specific reasons in writing for disapproval and the required revisions to the previously submitted revisions to the Project Financing Plan. If the revised Project Financing Plan is disapproved, NCRC shall resubmit additional revisions to the Project Financing Plan within fifteen (15) days of notification of disapproval. Waterman 4 LLC shall either approve or disapprove the submitted revised Project Financing Plan within fifteen (15) days of the date such revised Project Financing Plan is received by Waterman 4 LLC which approval shall not be unreasonably withheld.

(b) Land Use. NCRC, in cooperation with the Authority, has prepared and submitted land use entitlement applications, including zoning, and all other local approvals for the Phase IV Development Land Use Approvals"). To the extent any new or material revisions to the Land Use Approvals is necessary, NCRC and the Authority shall continue to cooperate with respect thereto and no changes to the Land use Approvals shall be submitted without Waterman 4 LLCs prior written consent and approval; which shall not be unreasonably withheld. NCRC shall be solely responsible to ensure the Phase IV Development is designed and constructed in compliance with all applicable entitlements, local approval requirements, and lender requirements.

(c) Design. NCRC has prepared or caused to be prepared architectural and engineering drawings and specifications necessary for construction and approval of regulatory bodies and funding sources for the Phase IV Development ("Design Development Documents") and has submitted the Design Development Documents to the Authority. To the extent there any new or material revisions to the Design Development Documents, NCRC and Waterman 4 LLC shall continue to cooperate with respect thereto and no changes to the Design Development Documents shall be submitted without Waterman 4 LLC's prior written consent and approval; which shall not be unreasonably withheld.

(d) Construction. NCRC shall be responsible for the development of a construction schedule and cost estimates, preparation of the construction contract, supervision of

construction, and obtaining of certificates of occupancy for the Phase IV Development. NCRC has prepared, or cause to be prepared, and shall provide the Authority all necessary schematic design drawings, engineering drawings, concept drawings and construction drawings for the Phase IV Development ("Construction Drawings"). To the extent there any new or material revisions to the Construction Drawing, NCRC and Waterman 4 LLC shall continue to cooperate with respect thereto and no changes to the Design Development Documents or Construction Drawings shall be submitted without Waterman 4 LLC's prior written consent and approval; which shall not be unreasonably withheld.

(e) Performance Schedule. All development activities to be undertaken hereunder shall be completed pursuant to a mutually acceptable development schedule.

(f) State Prevailing Wages. To the extent applicable, NCRC shall and shall cause its respective contractors and subcontractors to pay prevailing wages in performing the development activities as may be required under federal Davis-Bacon Act (40 USC 3141-3148) and pursuant to Labor Code Sections 1720 et seq. (the "Prevailing Wage Requirements"), and the implementing regulations of the Department of Industrial Relations (the "DIR"), to employ apprentices as required by Labor Code Sections 1777.5 et seq., and the implementing regulations of the DIR and comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., 1810-1815, and implementing regulations of the DIR. To the extent Prevailing Wage Requirements are applicable, NCRC shall and shall cause its respective contractors and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq., and that apprentices have been employed as required by Labor Code Section 1777.5 et seq., and shall, from time to time upon the request of the Authority provide to the Authority such records and other documentation reasonably requested by the Authority. Copies of the currently applicable per diem prevailing wages are available from the Authority. To the extent Prevailing Wage Requirements are applicable, NCRC shall post the applicable prevailing rates of per diem wages at the project site. To the extent Prevailing Wage Requirements are applicable, NCRC shall cause its respective contractors and subcontractors to be registered as set forth in Labor Code Section 1725.5. In addition and only to the extent Prevailing Wage Requirements are applicable, NCRC shall cause its respective contractors and subcontractors to do all the following:

All calls for bids, bidding materials and the construction contract documents for the Phase IV Development must specify that (i) No contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Phase IV Development unless registered with the DIR pursuant to Labor Code Section 1725.5; and (ii) The Phase IV Development is subject to compliance monitoring and enforcement by the DIR.

To the extent required by law: (i) NCRC is required to provide the Authority all information required by Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within two (2) days of the award of the contract (<https://www.dir.ca.gov/pwc100ext/>); (ii) NCRC shall cause its respective contractors to post job site notices, as prescribed by applicable DIR regulations; and (iii) NCRC shall cause its respective contractors to furnish payroll records

required by Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

NCRC shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the Authority), to the extent permitted by applicable law, the Authority, and its board members, officers and employees against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including NCRC, its consultants and contractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and prevailing wage requirements of the federal Davis-Bacon Act (40 USC 3141-3148), to employ apprentices pursuant to Labor Code Sections 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the performance of the development activities. The indemnification requirements in this Section survive the expiration of the Term.

Section 2.6 Development Process- Other Parties.

Waterman 4 LLC, as a Special Limited Partner, shall work with the Authority to secure and deliver rental subsidies to the Phase IV Development through the project-based voucher program for housing units converted under the RAD Program.

The Authority shall issue bonds to assist in the financing of the Development. The Partnership shall be required to pay the Authority all applicable reasonable and customary bond issuance fees and program administration fees.

Section 2.7 Execution of Contracts. All agreements and contracts on behalf of the Partnership will be executed by the Managing General Partner.

Section 2.8 Assignment of Contracts. Subject to the review and reasonable approval of the Parties, contracts and agreements executed by the Parties in furtherance of the development of the Phase IV Development will be assigned to the Partnership. Provided, however, once the Partnership is formed, all contracts for the development of the Phase IV Development will be entered into by the Partnership.

Section 2.9 Long Term Ownership of Development. All partners are expected to remain in the Partnership in their original capacities for the initial 15-Year tax credit compliance period. The Authority is anticipated to be the long-term owner of the Property and the Phase IV Development; as such, after the end of the tax credit compliance period, the Authority will have the ability to exercise its Option and Right of First Refusal under an Option Agreement, subject to Section 2.10 below.

Section 2.10 Option and Right of First Refusal. The Parties expect to execute an Amended and Restated LPA governing the Partnership. The Parties agree and acknowledge that said Partnership Agreement will provide the Authority a Right of First Refusal to purchase the Phase IV Development or the Investor's Limited Partners' interest and NCRC's General Partner

interest approximately fifteen (15) years after the Phase IV Development is placed in service (the "Right of First Refusal"). The Parties agree and acknowledge that said Partnership Agreement will also provide the Authority with an Option to purchase the Phase IV Development or the Investor's Limited Partners' interest and NCRC's General Partner interest approximately fifteen (15) years after the Phase IV Development is placed in service (the "Authority Option"). The Amended and Restated LPA shall also authorize the Authority to assign the Right of First Refusal and/or the Authority Option, to Waterman 4 LLC, subject to a written assignment from the Authority and other terms the investor limited partner may require under the Amended and Restated LPA.

Section 2.11 Approval Process.

(a) Construction Draw Approval Process. During the construction of the Phase IV Development, the Partnership will pay invoices for development expenses in a timely manner. From and after the Effective Date, the General Partner, on behalf of the Partnership, shall forward electronic copies of draft draw packages (including change orders as applicable) to the Special Limited Partner for their review prior to submission thereof to the construction lender and two (2) business days prior to the applicable draw meeting. Each reviewing party shall provide questions or any objection to the General Partner prior to or at the draw meeting. If a reviewing party objects to any draw request, it shall provide such reasonable detail regarding the basis of its objection so as to allow the submitting party an opportunity to address the related issues. The General Partner may revise a draw request that was the subject of an objection to the reviewing parties and such resubmitted draw package will be reviewed in accordance with the provisions of this Section 2.11. If a reviewing Party does not object prior to or at the draw meeting, the draw package or change order will be deemed approved and may be submitted. Any objections by a reviewing party to a requested draw must be reasonable and made in good faith. Concurrently with submitting a draw request for construction funding, the General Partner shall forward electronic copies of the completed draw packages related thereto and/or change orders to the Special Limited Partner for their records.

(b) Other Approvals. With respect to any item requiring the approval of the Authority or Waterman 4 LLC under Section 2.5, the process in this Section 2.11(b) shall apply. NCRC shall submit the item to be approved to the Authority or Waterman 4 LLC, as applicable. The Authority or Waterman 4 LLC shall review the submission and shall either approve or disapprove the submission within seven (7) business days of receipt thereof, which approval shall not be unreasonably conditioned, delayed or withheld. If disapproved, the Authority and Waterman 4 LLC shall give specific reasons in writing for disapproval and the revisions the Authority or Waterman 4 LLC deems necessary to overcome its objection. NCRC may resubmit a revised submission to the Authority or Waterman 4 LLC and the Authority or Waterman 4 LLC shall either approve or disapprove the revised submission within seven (7) business days of the date receipt thereof, which approval shall not be unreasonably conditioned, delayed or withheld.

Section 2.12 Books and Records. NCRC shall keep and maintain at NCRC's principal place of business, or elsewhere with the Waterman 4 LLC's written consent, full, complete and appropriate books, record and accounts relating to the Phase IV Development,

including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail NCRC's compliance with the terms and provisions of this Agreement. The books, records and accounts, financial reports and financial statements relating to NCRC's compliance with the terms, provisions, covenants and conditions of this Agreement are to be kept and maintained in accordance with the requirements of this Agreement. All applicable financial documents are to be kept and maintained in accordance with generally accepted accounting principles consistently applied. All such books, records, and accounts are to be open to and available for inspection and copying by HUD, the Authority, its auditors or other authorized representatives at reasonable intervals during normal business hours. NCRC shall preserve such records for a period of not less than five (5) years after the creation of such records in compliance with all HUD records and accounting requirements. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the development activities is pending at the end of the record retention period stated herein, then NCRC shall retain such records until such action and all related issues are resolved. Such records are to include all invoices, receipts, and other material documents as are reasonably related to the development activities. NCRC shall cause records to be kept accurate and current and in such a form as to allow the Authority to comply with the recordkeeping requirements contained in 24 C.F.R. Section 92.508.

Section 2.13 Authority Audits. NCRC shall provide the Authority with a copy of quarterly unaudited financials and NCRC's annual audited financial statements, which is to include information on all of NCRC's activities and not just those pertaining to the Phase IV Development. In addition, the Authority or any designated agent or employee of the Authority at any time, upon three-business days' prior written notice, is entitled to audit all of NCRC's books, records, and accounts pertaining solely to development activities for the Phase IV Development, excluding any privileged or confidential materials. Such audit is to be conducted during normal business hours at NCRC's principal place of business and other places where records are kept immediately after the completion of an audit, the Authority shall deliver a copy of the results of such audit to NCRC. In addition, upon the occurrence of an uncured Performance Default, the Authority or any designated agent or employee of the Authority at any time, upon three business days' prior written notice, is entitled to audit all of NCRC's books, records, and accounts pertaining to any of NCRC's development activities, excluding any privileged or confidential materials.

Section 2.14 Right of Entry. The Parties agree and acknowledge that the Partnership, as the Optionee under that certain Option to Lease Agreement dated [____], 20[___], has the right to enter upon the Site (as defined therein) to perform predevelopment activities and that NCRC shall be allowed such access to the Site (under the Option to Lease Agreement) as may be necessary to fulfill its obligations hereunder.

ARTICLE 3. MISCELLANEOUS

Section 3.1 Events of Default. Each of the following shall constitute a "Default" by NCRC under this Agreement.

(a) Failure to Perform. Failure by NCRC to diligently and in good faith cause satisfaction of any of the conditions or obligations set forth or take actions required under Article 2 (a "Performance Default").

(b) Removal as General Partner. NCRC, acting through Managing General Partner or otherwise, shall have been removed and cease to serve as the managing general partner of the Partnership at any time ("Removal Default").

Section 3.2 Remedies.

(a) Remedies for Performance Defaults. Upon the occurrence of a Performance Default, the Authority will send a written notice thereof to NCRC setting forth the asserted Performance Default with such reasonable detail so as to allow NCRC to determine the nature of the asserted Performance Default. NCRC will have 30 days from receipt of such notice in which to cure the asserted Performance Default. In addition to the remedy set forth under Section 2.13 above, the Authority's shall have the right to bring a suit for specific performance for any uncured Performance Default.

(b) Remedies for Removal Default. Upon the occurrence of a Removal Default, the Authority and/or Waterman 4 LLC shall have the right to terminate this Agreement upon 10 days written notice to the other Parties. Upon termination of the Agreement pursuant to this Section 3.2(b):

(i) NCRC will assign all of NCRC's rights and obligations under any agreements which would have been otherwise assignable to the Partnership under Section 2.8;

(ii) NCRC will have no further rights or obligations with respect to the Phase IV Development; and

(iii) The Partnership shall have the option to terminate the Contractor, subject to the terms of the Construction Contract.

(c) Payment on Termination or Suspension. In the event any termination, abandonment or suspension of this agreement, NCRC shall be paid for services provided up to the time of such termination, abandonment or suspension, including any fees earned to date and any expenses or costs already incurred in relation to the services to be provided hereunder; but upon receiving notice thereof NCRC shall exercise all reasonable efforts to terminate its work and mitigate further costs.

(d) Other Remedies Under Amended and Restated LPA. Upon termination of the Agreement pursuant to this Section 3.2(d), the Parties shall have all rights and remedies afforded under the Amended and Restated LPA.

Section 3.3 Waiver. A Party may at its discretion waive in writing any of the terms and conditions of this Agreement in favor of the waiving Party, without completing an amendment to this Agreement. No waiver of any default or breach will be implied from any

omission by the non-breaching Party to take action on account of such default if such default persists or is repeated, and no express waiver will affect any default other than the default specified in the waiver, and such waiver will be operative only for the time and to the extent in stated in the waiver. Waivers of any covenant, term, or condition contained of this Agreement will not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by a Party to or of any act by the other Party requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy will in no event constitute a cure or a waiver of any default under this Agreement nor will it invalidate any act done pursuant to notice of default, or prejudice the exercising Party in the exercise of any right, power, or remedy under this Agreement.

Section 3.4 Approval. Whenever this Agreement calls for approval or consent of a Party, such consents or approval will not be unreasonably withheld.

Section 3.5 Notices. Demands and Communications. Formal notices, demands, and communications between the Parties will be sufficiently given if, and will not be deemed given unless, dispatched by certified mail, return receipt requested, electronic mail or email, or delivered by a reputable private delivery service with a receipt showing date of delivery, or hand delivered with a receipt showing date of delivery, to the principal offices of the Parties as follows:

NCRC: National Community Renaissance of California
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn:

with copies to:

National Community Renaissance of California
9421 Haven Avenue
Rancho Cucamonga, CA 91730
Attn: General Counsel
Email: rdiaz@nationalcore.org

Klein Hornig LLP
1325 G Street NW, Suite 770
Washington, DC 20005
Attention: Jessica Glynn Worthington
Email: jworthington@kleinhornig.com

Authority: Housing Authority of the County of San Bernardino
715 E. Brier Drive
San Bernardino, CA 92408
Attn:

Waterman 4 LLC:

Waterman 4 LLC
715 E. Brier Drive
San Bernardino, CA 92408
Attn:

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate as provided in this Section. Delivery will be deemed to have occurred at the time indicated on the receipt as the date of delivery, the date delivery was refused or the date the item was returned as undeliverable.

Section 3.6 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and will be disregarded in interpreting any part of its provision.

Section 3.7 Representation and Warranty. The Parties acknowledge that they have executed this Agreement based solely upon the written representations contained in this Agreement and not based upon any inducement, promise or representation not expressly stated in this Agreement. Each Party warrants and represents that in executing this Agreement each Party has had the opportunity to obtain legal advice from the attorney of the Party's choice, that the terms of this Agreement have been read and that its consequences have been completely explained to the Party by its attorney or the Party has waived such explanation, and that the Party fully understands the terms of this Agreement. Each Party acknowledges and warrants that its execution of this Agreement is free and voluntary.

Section 3.8 Applicable Law. This Agreement will be interpreted under and pursuant to the laws of the State of California.

Section 3.9 Severability. If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 3.10 Attorneys' Fees. In any action to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in prosecuting such action.

Section 3.11 Binding Upon Successors. No Party will assign its rights or obligations under this Agreement without the written consent of the other Parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the heirs, administrators, executors, successors, and assigns of each of the Parties. Any reference in this Agreement to a specifically named Party will be deemed to apply to any successor, heir, administrator, executor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement, or under law.

Section 3.12 Time. The Parties agree to work in good faith towards the

resolution of any issues that may arise and all Parties acknowledge that time is of the essence.

Section 3.12 Force Majeure. In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; catastrophic weather event; quarantine or other health restrictions; freight embargoes; lack of transportation; or court or government order; or any other similar causes beyond the control or without the fault of the Party claiming an extension of time to perform. In no event shall cumulative delays in excess of one hundred eighty (180) days be allowed under this Section.

Section 3.13 Counterparts; Multiple Originals. This Agreement may be executed in counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original. Delivery of the executed Agreement by facsimile will be acceptable if promptly followed by the mailing of the originally executed copy of the Agreement.

Section 3.14 Amendments. The Parties may amend this Agreement, including any deadlines provided in this Agreement, only by means of a writing signed by all Parties.

Section 3.15 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreement of the Parties as to the operation of the Partnership.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHERE OF, the parties have executed this Agreement on the date first set forth above.

NCRC:

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,

a California nonprofit public benefit corporation

By: _____

Name: Michael Finn

Title: Chief Financial Officer

AUTHORITY:

**HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a public body, corporate and politic**

By: _____

Name:

Title: Chairman, Board of Governors

Date: _____

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD

_____, Secretary of the Board of Governors

By: _____

Date: _____

Approved as to Legal Form:

_____, County Counsel
San Bernadino County, California

By: _____

Name: _____

Title: Principal Assistant County Counsel

Date: _____

EXHIBIT A

Property Description

EXHIBIT B

Site Map

**ARROWHEAD GROVE PHASE 4 LP
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP**

As of [_____, 2025]

THE LIMITED PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE “AGREEMENT”) HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE “ACT”) OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS (“BLUE SKY LAWS”). ACCORDINGLY, THE LIMITED PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH LIMITED PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership is made and entered into as of [_____, 2025], by and among the undersigned parties.

WHEREAS, NCRC AG4 MGP LLC, a California limited liability company, as the General Partner (the “General Partner”) executed a Certificate of Limited Partnership (the “Original Certificate”) for the formation of Arrowhead Grove Phase 4 LP (the “Partnership”), pursuant to the terms of the California Uniform Limited Partnership Act of 2008 (the “Act”), which Original Certificate was subsequently filed with the Secretary of State of the State of California (the “State”) on March 4, 2024; and

WHEREAS, on March 4, 2024, the General Partner, Waterman Affordable 4 LLC, a California limited liability company, as the Class A Limited Partner (the “Class A Limited Partner”), and Southern California Affordable Housing Corporation, a California nonprofit public benefit corporation, as the initial limited partner (the “Initial Limited Partner”) executed an Agreement of Limited Partnership of the Partnership; and

WHEREAS, the General Partner, the Class A Limited Partner, Hudson SLP LLC, a Delaware limited liability company, as the Special Limited Partner (the “Special Limited Partner”) and Hudson Arrowhead LP, a Delaware limited partnership, as the Investment Partner (the “Investment Partner,” together with the Special Limited Partner, the “Limited Partners”), wish to continue the Partnership pursuant to the Act; and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a ninety-two (92) unit (including one manager’s unit) in seven (7) buildings (including one community building) multifamily apartment complex intended for rental to low and moderate income households to be known as Arrowhead Grove Phase IV, and to be located in San Bernardino, California (the “Apartment Complex”); and

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Agreement of Limited Partnership to (i) continue the Partnership under the Act; (ii) effectuate the withdrawal of the Initial Limited Partner from the Partnership; (iii) admit the Limited Partners to the Partnership as Limited Partners; and (iv) set forth all of the provisions governing the Partnership.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, as set forth in this Amended and Restated Agreement of Limited Partnership, which reads in its entirety as follows:

ARTICLE I

CONTINUATION OF PARTNERSHIP

1.01 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.

1.02 Name. The name of the Partnership is Arrowhead Grove Phase 4 LP.

1.03 Principal Executive Offices; Agent for Service of Process.

(a) The principal executive office of the Partnership shall be 9692 Haven Avenue, Suite 100, Rancho Cucamonga, California 91730. The Partnership may change the location of its principal executive office to such other place or places as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal executive office. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.

(b) The name and address of the agent for service of process is Corporation Service Company d/b/a CSC-Lawyers Incorporation Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505 (the "Agent"). The Partnership may change the Agent for service of process to such other agent as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the Agent for service of process.

1.04 Term. The term of the Partnership commenced as of the date of the filing of the Certificate with the Secretary of State of the State, and shall continue in perpetuity, unless the Partnership is sooner dissolved by law or in accordance with the provisions of this Agreement.

1.05 Withdrawal of Initial Limited Partner. The Initial Limited Partner hereby withdraws as a Partner of the Partnership, and represents and warrants that (a) it is the sole owner of the Initial Limited Partnership Interest in the Partnership, (b) it has not transferred, encumbered and/or pledged its Interest in the Partnership, (c) it has no claims or causes of action against the Partnership or any asset thereof, and (d) as of the execution of this Agreement, it shall have no continuing interest in the Partnership and is not entitled to any fees, distributions, compensation or payments from the Partnership and that it has no interest in any property or assets of the Partnership.

1.06 Recording of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the General Partner shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if required by the Act, including filing with the Secretary of State of the State. All fees for filing shall be paid out of the Partnership's assets. The General Partner shall take all other necessary action required by law to perfect and maintain the Partnership as a limited partnership under the laws of the State, and shall register the Partnership under any assumed or fictitious name statute or similar law in force and effect in the State. Notwithstanding the foregoing, this Agreement (and any exhibits attached hereto) shall not be filed with the Secretary of State of the State or published or recorded in any public forum without the Consent of the Special Limited Partner.

1.07 Admission of Investment Partner and Special Limited Partner. The Investment Partner and the Special Limited Partner are hereby admitted as the sole limited partners of the Partnership, and shall have all the rights afforded herein, including, without limitation, rights to fees, distributions, compensation and payments from the Partnership as hereinafter set forth.

ARTICLE II

DEFINED TERMS

In addition to the abbreviations of the parties set forth in the preamble to this Agreement, the following defined terms used in this Agreement shall have the meanings specified below:

“ACC” means the Consolidated Annual Contributions Contract between HUD and HACSB, No. ____, as the same may be replaced or amended from time to time, including the Mixed Finance ACC Amendment relating to the ACC Conversion Units.

“ACC Conversion Units” means the ninety-one (91) apartment units in the Apartment Complex that are intended, initially, for rental as “public housing” within the meaning of Section 3(b)(1) of the Housing Act. Following Substantial Completion but in all events prior to Final Closing, the ACC Payments to be made with respect to the ACC Conversion Units will be converted to Section 8 project-based rental vouchers covered under the HAP Contract.

“ACC Payments” means the operating fund assistance made available by HUD for “public housing” under Section 9(e) of the Housing Act, which assistance will be provided by HACSB to the Partnership pursuant to the terms of the Regulatory and Operating Agreement with respect to the ACC Conversion Units prior to achievement of the Faircloth-to-RAD Conversion.

“Accountants” means Novogradac & Company LLP, CohnReznick LLP, or such other firm of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Special Limited Partner, to prepare the Partnership income tax returns and audited financial statements; provided that in any event either Novogradac & Company LLP or CohnReznick LLP will be engaged to prepare the Cost Certification.

“Act” means the California Uniform Limited Partnership Act of 2008, as may be amended from time to time during the term of the Partnership.

“Actual Credit” means, with respect to any tax year, the total amount of the Tax Credit actually reported by the Partnership on its tax return for that tax year and allocated to the Investment Partner, and not disallowed to the Partnership or the Investment Partner by any taxing authority, as subsequently adjusted, if applicable, by any Tax Credit recapture amounts, as defined in Section 42(j)(2) of the Code.

“Additional Capital Contributions” means the Initial Capital Contribution II, Initial Capital Contribution III, Second Capital Contribution and the Third Capital Contribution of a Limited Partner paid or payable to the Partnership pursuant to Article V.

“Affiliate” means any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the General Partner, or with another designated person, as the context may require.

“Agency” means the California Tax Credit Allocation Committee, in its capacity as the designated agency of the State to allocate Low-Income Housing Tax Credits, acting through any authorized representative.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“AHAP” means that certain Agreement to Enter Into Housing Assistance Payments Contract between the HACSB and the Partnership, dated [_____, 2025], which provides the agreement to enter into the HAP Contract as defined below.

“AHSC Grant Documents” means (i) the Standard Agreement (Number 24-AHSC-18439) issued by HCD and accepted by the Sponsor (the “AHSC Grant Standard Agreement”), (ii) the Disbursement Agreement entered into by and between HCD and the Sponsor governing the terms and conditions upon which AHSC Grant funds will be advanced to the Sponsor (the “AHSC Disbursement Agreement”), [and (iii) the Indemnity Agreement entered into by and between HCD and the Sponsor governing the responsibilities of the parties for construction of the sustainable transportation infrastructure and transit-related amenities, the implementation of the AHSC Program Requirements, and other matters related to the AHSC Grant Funds (the “AHSC Indemnity Agreement”)].

“AHSC Grant Funds” means the grant of funds in the amount of [\$7,112,276] made or to be made by HCD to the Sponsor from the proceeds of funds awarded under its “Affordable Housing and Sustainable Communities” program.

“AHSC Housing Loan” means the mortgage loan in the aggregate principal amount of [\$8,735,000] funded from the proceeds of the Affordable Housing and Sustainable Communities (AHSC) program and bearing [3% interest, compounding annually], with a maturity date of [_____, 20__], to be made to the Partnership by HCD which will be evidenced by the mortgage note or deed of trust note at Final Closing, which will be secured by a Mortgage in [_____] lien priority and other related security documents and financing statements. Annual payments are due in an amount equal to [_____] of the principal balance of the AHSC Housing Loan plus [_____] of the “Residual Receipts” (as such term is defined in the AHSC Housing Loan documents) which means, generally, all revenues after payment of operating expenses, replacement reserve deposits, mandatory debt service on senior loans, deferred developer fees, and partnership and asset management fees in the initial amount of up to [\$_____]. The AHSC Housing Loan will be nonrecourse to the Partnership and the Partners from and after Final Closing (other than customary nonrecourse carve out provisions which have been Consented to by the Special Limited Partner) and which will be held by parties who are not “related parties” to the General Partner within the meaning of Section 752 of the Code and the regulations thereunder.

“AHSC Housing Loan Standard Agreement” means the Standard Agreement (Number 24-AHSC-18438) issued by HCD and accepted by the Partnership governing the terms and conditions on which HCD will make the AHSC Housing Loan to the Partnership.

“AHSC Program Costs” means the expenses associated with carrying out the AHSC Program Requirements and complying with the terms of the AHSC Grant Standard Agreement.

“AHSC Program Requirements” means the scope of work for the “program” component of the AHSC Grant Funds which includes the provision of annual transit passes to the residents of the Apartment Complex for a period of three (3) years commencing upon initial occupancy of the Apartment Complex.

“AHSC Regulatory Agreement” means the Senior Regulatory Agreement (Affordability Restrictions) entered or to be entered into by and between HCD and the Partnership governing the long-term use restrictions applicable to the Apartment Complex in connection with the AHSC Housing Loan.

“Anti-Corruption Laws” means all laws, rules, statutes, codes and regulations of any governmental entity or Authority applicable to the General Partner, its Affiliates or the Partnership concerning or relating to corruption or bribery, including laws prohibiting an offer, payment, promise to pay, or authorization of the payment or giving of money or anything else of value, to anyone, while knowing or believing that all or some portion of the money or thing of value will be offered, given, promised to, or retained by a Government Official or any other person for the purposes of obtaining or retaining business, securing any improper advantage or the improper performance of that person’s or Government Official’s function, or misuse of that person’s or Government Official’s position.

“Apartment Complex” means the land and any improvements thereon currently owned (or to be constructed, owned and operated) by the Partnership in San Bernardino, California, and the a ninety-two (92) unit (including one manager’s unit) in seven (7) buildings (including one community building) multifamily rental housing development to be known as Arrowhead Grove Phase IV[, together with facilities shared with [Arrowhead Grove Phases I-III]]. A description of the Land on which the Apartment Complex will be located is provided in Exhibit C, attached hereto.

“Applicable Federal Rate” means the applicable federal rate as set forth in Section 1274(d) of the Code as determined monthly by the Treasury Department.

“Approved Rent Levels” means the initial contract rents of no less than [\$1,650] for one-bedroom units, [\$1,975] for two-bedroom units and [\$2,452] for three-bedroom units (as shown in the Projections) with respect to each of the apartment units covered by the HAP Contract.

“Architect” means [Studio E Architects, a California corporation], which is the architect which prepared the Plans and Specifications, designed the improvements, prepared the blueprints/construction drawings and the property specifications manual and who will perform certain duties and responsibilities through construction for the benefit of the Partnership including inspecting the progress of construction of the Apartment Complex, providing “contract administrative services” as defined by the American Institute of Architects, inspecting and overseeing the Contractor’s final punchlist, certifying to the dates of Substantial Completion and Final Completion, receiving and approving operations and maintenance manuals and collecting, reviewing, approving and forwarding to the Partnership all as-built project scope documentation and product, material and construction warranties.

“Asset Management Fee” means the fee payable to the Special Limited Partner for its services in monitoring the operations of the Partnership on behalf of the Investment Partner as set forth in Section 12.04(h).

“Authority” or “Authorities” means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal,

state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality (including the CDC and OSHA).

“Average Income Test” means the Minimum Set-Aside Test under Section 42(g)(1)(C) of the Code whereby (i) at least forty percent (40%) of the units in the Apartment Complex are both Rent Restricted Units and occupied by tenants whose incomes do not exceed the imputed income limitations designated as applicable to the respective units, (ii) the average of the imputed income limitations designated for all units in the Apartment Complex is not more than sixty percent (60%) of area median income, and (iii) the imputed income limitation designated for any unit in the Apartment Complex is an increment of 10% and ranging between 20% and 80% of area median income. The Partnership has selected or will select the “average income test” under Section 42(g)(1)(C) of the Code as the Minimum Set Aside Test and the imputed income limitations designated (or to be designated by the Partnership with respect to each Rent-Restricted Unit shall conform with the designations set forth in Exhibit L, attached hereto, unless otherwise agreed by Consent of the Special Limited Partner. The Average Income Test, as used herein, shall be deemed to include all final or temporary regulations promulgated after the date of this Agreement with respect to the “average income test” under Section 42(g)(1)(C) of the Code.

“BABA” means the Build America, Buy America Act, Pub. L. No. 117-58, §§ 70901-27 and the rules and regulations enacted thereunder, as codified in 2 CFR Part 184, and Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. § 1701u, as codified in 24 CFR Part 75.

“Bankruptcy” or “Bankrupt” as to any Person means:

(i) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(ii) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(iii) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated or discharged within sixty (60) consecutive days;

(iv) The admission by such Person of his or its inability to pay his or its debts as they become due; or

(v) Such Person becoming “insolvent” by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

“BOE” means the California State Board of Equalization, or as applicable, the California Department of Tax and Fee Administration and their respective successors and assigns.

“Breakeven Operations” means that for a period ending on the last day of three (3) consecutive months subsequent to Substantial Completion (and the end of such three (3) month period is no earlier than (but may be within) sixty (60) days prior to the making of the Second Capital Contribution) during which, in each such month, economic occupancy equals or exceeds ninety-five percent (95%) and:

(a) The income (expected to recur on a monthly basis, including amounts received under the HAP Contract not to exceed the Approved Rent Levels actually received from the normal operation of the Apartment Complex (taking into account the greater of actual vacancy or an assumed five percent (5%) vacancy rate) which shall include, but not be limited to, the greater of actual or underwritten income from any laundry facilities, cable television and phone usage (after adjusting for any concessions) but excluding non-recurring sources of income for a period of one (1) calendar month (the “Breakeven Period”), as annualized,

(b) divided by expenses equal to the greater of (i) an amount equal to underwritten expenses of [\$11,829]/unit, or (ii) all costs, debts and expenses of any type incurred, on a stabilized and accrual basis, incident to the equipping, financing, ownership and operation of the Apartment Complex and the Partnership, on an annualized basis, which costs shall include, but not be limited to, taxes or payments in lieu of taxes (including reassessed taxes), insurance costs, assessments, audit expenses, the funding of any Reserve Fund for Replacement deposits required under any Mortgage Loan, compliance costs as required by the Agency, payment of the Management Agent’s fees, any other Partnership loans or obligations not paid out of Net Cash Flow including, without limitation, the costs of capital improvements to the Apartment Complex incurred after Substantial Completion (which capital improvements are not funded from any Partnership reserves, casualty or condemnation proceeds, any Mortgage Loans, Capital Contributions or the proceeds of any Capital Transactions) and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of those seasonal and/or periodic expenses (such as water and sewer charges, utilities and maintenance expenses which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation), for the Breakeven Period,

(c) equals or exceeds (i) one hundred fifteen percent (115%) of required annualized debt service payments utilizing the Permanent Tax-Exempt Loan Amount plus the required annualized debt service payments on the AHSC Housing Loan (or such higher percentage such that debt service coverage in the last year of the Compliance Period equals or exceeds one hundred fifteen percent (115%) on a proforma basis assuming income trending at 2%, expense trending at 3% and no trending of the replacement reserve) assuming the greater of actual or 5% vacancy.

Such calculation shall be attested to by the Accountants in accordance with standards established by the American Institute of Certified Public Accountants (which calculation and attestation shall be subject to the Consent of the Special Limited Partner) and which shall be evidenced by a certification of the General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership. The Special Limited Partner and the Accountants shall be provided with all documents and records which they may reasonably require in order to verify the achievement of Breakeven Operations and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Apartment Complex) and Management Agent (relating to the Partnership and/or the Apartment Complex) in connection therewith.

“Capital Account” means the capital account of a Partner as described in Section 6.01.

“Capital Contribution” means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Interest of such Partner.

“Capital One” means Capital One, National Association.

“Capital One Construction Loan” means that certain loan to be made by Capital One to the Partnership in the initial principal amount of [\$7,225,314] during construction with a variable interest rate equal to the One-Month Term SOFR (with a floor of [0.50%]) plus [1.60%] and a maturity date of [____, 20__] [29 months] (subject to one (1) conditional six-month extension). The Capital One Construction Loan will be recourse to the Partnership and the Partners.

“Capital Transaction” means any transaction, the proceeds of which are not includable in determining Net Cash Flow, including without limitation the disposition, whether by partial sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Partners), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part of the Apartment Complex but excluding any liquidation within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g).

“CCRC” means the California Community Reinvestment Corporation, a California nonprofit public benefit corporation, its successors and assigns.

“CDC” means the Centers for Disease Control and Prevention.

“Certificate” means the Partnership’s Certificate of Limited Partnership or any certificate of limited partnership or any other instrument or document which is required under the laws of the State to be signed and sworn to by the Partners of the Partnership and filed in the appropriate public offices within the State to perfect or maintain the Partnership as a limited partnership under the laws of the State, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State.

“Certificate of Occupancy” means all necessary permanent or temporary (depending on the context) certificates of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Special Limited Partner) from the applicable

Authority(ies) which allow for one hundred percent (100%) of the apartment units in the Apartment Complex to be immediately occupied.

“Certification and Agreement” means that certain certification of the Partnership and the General Partner which is attached hereto as Exhibit E.

“Certified Credits” means ninety-nine and ninety-eight/one hundredths percent (99.98%) of the Low-Income Housing Tax Credit provided for under Section 42 of the Code, including the seventy percent (70%) present value credit and/or the thirty percent (30%) present value credit, as applicable that the Accountants certify in writing to the Investment Partner that the Investment Partner will be able to claim for each full fiscal year during the Credit Period for all buildings in the Apartment Complex, assuming full compliance with the rent restrictions and income limitations of the applicable codes and statutes. The calculation of the Certified Credits shall be based, among other things, on the IRS Forms 8609 issued by the Agency for all the buildings comprising the Apartment Complex, on the Cost Certification prepared in connection with the application by the Partnership for IRS Forms 8609, on the number of units in the Apartment Complex being occupied by tenants whose incomes do not exceed certain percentages of area median income and whose rents do not exceed acceptable levels for tenants whose incomes would not exceed such percentages of area median income under the Code and on a determination of the applicable fraction and qualified basis of the Apartment Complex as determined in Section 42 of the Code as such components may be amended due to (i) noncompliance with applicable tax laws and (ii) other facts that may come to the attention of the Accountants. Certified Credits may be amended at the direction of the Special Limited Partner at such time in the future that a determination is made that any of the initial occupants of the units comprising Rental Achievement are found not to be in compliance with the rent restrictions and income limitations of Section 42 of the Code.

“Changes in Tax Law” shall mean amendments to the Code after the date of this Agreement and amendments to or the promulgation of new legislative regulations after the date of this Agreement, but shall not include the promulgation of final or temporary regulations with respect to Code §42 or Subtitle A, Chapter 1, Subchapter K of the Code to the extent that such regulations correspond to final, temporary or proposed regulations which were promulgated more than two (2) business days prior to the date of this Agreement.

“City” means San Bernardino, California.

“City HOME Loan” means a possible mortgage loan to the Partnership by the City funded from HOME program proceeds, which would be evidenced by a mortgage note or deed of trust note to be given by the Partnership to the City, which would be secured by a Mortgage and other related security documents and financing statements.

“Class A Limited Partner” means Waterman Affordable 4 LLC, a California limited liability company, and any other Person admitted as a Class A Limited Partner pursuant to this Agreement, and their respective successors pursuant to this Agreement, including particularly the provisions of Section 9.02, 8.01 and 8.12.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Compliance Consultant” means [_____] or such other professional third-party compliance consultant that is Consented to by the Special Limited Partner.

“Compliance Consultant Agreement” means the agreement to be entered into by and between the Partnership and the Compliance Consultant prior to the first day of the first year of the Credit Period in accordance with the provisions of Section 8.19.

“Compliance Period” means the period specified in Section 42(i)(1) of the Code, as applicable to the Apartment Complex.

“Consent” means the prior written consent or approval of the Special Limited Partner and/or any other Partner, as the context may require, to do the act or thing for which such consent or approval is solicited. Whenever in this Agreement and Exhibits hereto, the Special Limited Partner is provided the right or authority to Consent, approve, determine, exercise discretion or withhold such Consent or approval or to take or not take similar action, such action shall not, unless specifically provided otherwise in this Agreement, be taken or withheld unreasonably nor conditioned or delayed unreasonably. Throughout this Agreement, where the “approval” of the Special Limited Partner, and/or any other Partner is required, it shall be deemed to require the “Consent” of such Partner (or, depending on the context, being “Consented” to by such Partner) in accordance with this definition.

“Construction Contract” means the construction contract in the maximum amount of [\$_____] (including all exhibits and attachments thereto) entered into between the Partnership and the Contractor as of [_____, 2025], pursuant to which the Apartment Complex is to be constructed.

“Construction Lender” means the Lender, during the period preceding the conversion of the Mortgage Loan to the permanent phase, or their successor and assigns in such capacity.

“Construction Loan” means the Mortgage Loan, prior to conversion to the permanent phase.

“Construction Mortgage” means the Mortgages during the period preceding the conversion of the Mortgage Loan, as applicable, to the permanent phase.

“Consumer Price Index” means the revised Consumer Price Index for Urban Wage Earners and Clerical Workers for the geographic area that includes the Apartment Complex (all items, 1982-4 = 100) promulgated by the Bureau of Labor Statistics of the United States Department of Labor.

“Contingency” means the Partnership’s construction cost contingency funded by the Partnership, in the amount of [\$2,048,161] as set forth in the Development Budget, which amount is not included in the face amount of the Construction Contract and is outside the Contractor’s control.

“Contractor” means National Community Renaissance of California, a California nonprofit public benefit corporation, which is the general construction contractor for the Apartment Complex.

“Controlling Interest” means, with respect to any Person, (i) the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; or (ii) a majority of the ownership interests in such Person.

“Corporate Transparency Act” means the Corporate Transparency Act adopted as Title LXIV of the William M. (Mac) Thornberry National Defense Authorization Act of 2021 (P.L. 116-283), as the same may be amended from time to time, together with any rules or regulations published in connection therewith.

“Cost Certification” means the certification of the Accountants, acceptable to the Special Limited Partner, and made as soon as practicable after the achievement of Substantial Completion, of the costs of the Apartment Complex and the amount of the applicable Low-Income Housing Tax Credit, based on the eligible basis and Credit Percentage applicable to the Apartment Complex, each based on the Accountant’s audit of the Partnership’s accounting records and any other documentation deemed appropriate by the Accountants.

“Counsel” or “Counsel for the Partnership” shall mean Klein Hornig LLP, or such other attorney or law firm upon which the Special Limited Partner and the General Partner shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“County” means the County of San Bernardino, California.

“County HOME Loan” means a possible mortgage loan to the Partnership by the County funded from HOME program proceeds, which would be evidenced by a mortgage note or deed of trust note to be given by the Partnership to the County, which would be secured by a Mortgage and other related security documents and financing statements.

“CPI Percentage” means the percentage equal to the difference between the Consumer Price Index most recently published as of the first day of the year in question, and the Consumer Price Index for the previous year.

“Credit Period” means the ten (10) year credit period as to each of the buildings comprising the Apartment Complex, as defined in Section 42(f) of the Code. When the context requires, the Credit Period shall be deemed to include the year following the Credit Period if Tax Credit is available in that year pursuant to Section 42(f)(2) of the Code, but shall not include later years in the Compliance Period during which Tax Credit may be received under the special rule of Section 42(f)(3) of the Code.

“CRT” means the California Revenue and Tax Code.

“Developer” means, together, National Community Renaissance of California, a California nonprofit public benefit corporation, and Housing Authority of the County of San Bernardino, a California nonprofit public benefit corporation, each in its capacity as the developer of the Apartment Complex.

“Development Agreement” means the Development Agreement between the Partnership and the Developer as of even date herewith relating to the development of the Apartment Complex and providing for the payment of the Development Fee, in the form set forth in Exhibit B.

“Development Budget” means the development budget prepared by the General Partner and approved by the Special Limited Partner with respect to the costs and sources of financing for the development and construction of the Apartment Complex, attached hereto as Exhibit F.

“Development Fee” means the fee payable by the Partnership to the Developer pursuant to Section 8.09 of this Agreement.

“Environmental Laws” has the meaning set forth in Section 4.01(t).

“Environmental Reports” means the following reports with respect to the Apartment Complex: Phase I Environmental Site Assessment (ESA) dated [____, 2024] (updated on [____, 2025]) prepared by [____].

“Excess Development Costs” means all amounts in excess of the proceeds of the Mortgage Loan and Capital Contributions (actually made as adjusted pursuant to this Agreement) which are required to (i) complete construction of the Apartment Complex, including paying all amounts due under and pursuant to the Construction Contract, and any construction cost overruns and the cost of any change orders which have been approved by the Lender and the Special Limited Partner, if required, and which are not funded from proceeds of the Mortgage Loan; (ii) achieve Substantial Completion; (iii) satisfy all of the conditions for funding of the Third Capital Contribution, achieve Initial Closing and Final Closing, effect funding in full of the Mortgage Loan, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including, without limitation, any amounts necessary for Reserve Fund for Replacements, local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and other amounts which are required pursuant to the Mortgage Loan or this Agreement; (iv) pay any applicable loan assessment fees, discounts or other expenses incurred by the Partnership as a result of the occurrence of the Initial Closing and/or the Final Closing; (v) correct any latent defects in the construction or rehabilitation of the Apartment Complex to the reasonable satisfaction of the Special Limited Partner; and (vi) pay any Operating Deficits incurred by the Partnership prior to Final Closing. Payment of all or a portion of the Development Fee may be deferred and paid pursuant to Section 7.03(a) so as to minimize Excess Development Costs so long as it can be demonstrated to the reasonable satisfaction of the Special Limited Partner at Final Closing that such deferred portion of the Development Fee can be fully paid by the end of the Compliance Period.

“Extended Use Agreement” means the Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits required pursuant to Section 42(h) of the Code to be executed by the Partnership and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“Faircloth-to-RAD Conversion” means the latest to occur of (i) the date on which the ACC Conversion Units have reached the “Date of Full Availability” (DOFA) and have been entered into the PIH Information Center (PIC), (ii) approval by HUD of the conversion of the ACC Payments to Section 8 project-based rental vouchers with respect to the ACC Conversion Units, (iii) receipt

by the Partnership of a signed HAP Contract covering the ACC Conversion Units with initial contract rents (together with tenant-paid rents) of not less than the Approved Rent Levels and otherwise in the standard HUD-promulgated form of Housing Assistance Payment Contract, (iv) release of the HUD Declaration as an encumbrance against any part of the Apartment Complex, and (v) recording of the RAD Use Agreement governing the ACC Conversion Units. In connection with the Faircloth-to-RAD Conversion process, the parties agree to work in good faith to amend the Project Documents (including, without limitation, the Ground Lease, the Mortgage Loan Documents, the Regulatory Agreements and this Agreement as necessary) to reflect conversion of the ACC Conversion Units to RAD-Assisted Units and to enter into such other agreements as are customarily required by HUD and HACSB. For the avoidance of doubt, the ACC Conversion Units are and will continue to be assisted under the Mixed Finance ACC Amendment and will not convert to RAD assistance unless the conditions under the RAD Conversion Conditional Approval are completed and approved by HUD and HACSB.

“50% Test” means that at least fifty percent (50%) of the aggregate basis of each building of the Apartment Complex, for purposes of Section 42(h)(4) of the Code, has been financed by the proceeds of tax exempt obligations which are subject to the volume cap under Section 146 of the Code.

“Final Closing” means the occurrence of all of the following: (i) Final Completion, (ii) approval by the Construction Lender, if required, of the Partnership’s certification of actual costs as to the development and construction of the Apartment Complex to achieve Final Completion, (iii) receipt by the Special Limited Partner of a Cost Certification; (iv) disbursement by the Lender of all Mortgage Loan proceeds, including the closing and funding of the AHSC Housing Loan, (v) repayment of the Construction Loan or conversion of the Construction Loan to a permanent Mortgage Loan, as applicable, including achievement of Loan Conversion, and any amendments to the Mortgage Loan documents have been approved by the Special Limited Partner, to the extent such approval is required; (vi) commencement of amortization as to the Mortgage Loans (to the extent the Mortgage Loans require principal amortization); (vii) the achievement of Breakeven Operations; (viii) receipt by the Special Limited Partner of evidence, as certified to by the Accountants, that the Apartment Complex has met the 50% Test; (ix) the occurrence of Rental Achievement; (x) evidence of compliance with any prevailing wage or labor requirements imposed by the Authority, if applicable; and (xi) the funding of all required reserves under this Agreement; (xii) Faircloth-to-RAD Conversion has occurred and commencement of the funding of the HAP Contract covering 91 apartment units at the Approved Rent Levels; (xiii) receipt of the Supplemental Clearance Certificate as required for Property Tax Exemption.

“Final Completion” means the date on which the following events have occurred: (i) Substantial Completion including completion of all punch-list items and correction of defective and nonconforming work, (ii) a final application for payment has been submitted by the Contractor accurately reflecting the cost of the work, and (iii) the Architect has issued a final certificate of payment to the Contractor.

“Final Mortgage Amount” means the aggregate principal amount of the Mortgage Loan advanced at or prior to the Final Closing before any repayment(s) thereof.

“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least forty percent (40%) of the units in the Apartment Complex must be occupied by individuals with incomes of sixty percent (60%) or less of area median income, as adjusted for family size.

“Fourth Capital Contribution” has the meaning set forth in Section 5.01(c)(vi).

“General Partner” means NCRC AG4 MGP LLC, a California limited liability company, and any other Person admitted as the general partner pursuant to this Agreement, and their respective successors pursuant to this Agreement, including particularly the provisions of Section 9.02, 8.01 and 8.12, as such term is used in Section 214(g) of the CRT, as amended, and as further defined in the Property Tax Rules of the BOE, specifically, Property Tax Rule 140.1(a)(6).

“General Partner Capital Contribution I” has the meaning set forth in Section 5.01(c)(ii).

“General Partner Capital Contribution II” has the meaning set forth in Section 5.01(c)(iii).

“General Partner’s Special Capital Contribution” has the meaning set forth in Section 5.01(a)(iii).

“Government Official” means an officer, employee or official of a government, government owned or controlled entity, Authority, political party or public international organization, or a candidate for political office.

“Gross Capital Contribution” means [\$27,504,283], subject to adjustment dollar-for-dollar pursuant to any decrease or increase in Capital Contributions pursuant to Section 5.01(d).

“Gross Effective Income” means the gross income from all sources from the normal operation of the Apartment Complex received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Partnership), but excluding (i) tenant security or other deposits, (ii) Capital Contributions and interest thereon, (iii) interest on reserves not available for distribution, (iv) the proceeds of insurance payments, except rental interruption insurance, and (v) any income which is not expected to recur on a monthly basis.

“Ground Lease” means that certain ground lease between the Partnership and the Housing Authority, dated as of [_____, 2025].

“Ground Lease Loan” means the mortgage loan in the principal amount of [\$3,600,000] at Initial Closing made by HACSB to the Partnership. The Ground Lease Loan shall bear interest at a rate equal to [AFR%], compounding annually, and shall have a term of [fifty-five (55) years] from Final Closing in accordance with the deed of trust note, will be payable at maturity and which will be secured by a Mortgage in [_____] lien priority and other related security documents and financing statements and which shall be recourse to the Partnership and the General Partner.

“Guarantor” means National Community Renaissance of California, a California nonprofit public benefit corporation.

“HACSB” or “Housing Authority” means Housing Authority of the County of San Bernardino, a California nonprofit public benefit corporation.

“HAP Contract” shall mean, from and after achievement of Faircloth-to-RAD Conversion, that certain twenty (20) year Housing Assistance Payments Contract, Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Project-Based Section 8 between the HACSB and the Partnership, covering 91 Units at the Approved Rent Levels.

“HCD” means the California Department of Housing and Community Development.

“HOME Loan” means, together, the City HOME Loan and the County HOME Loan.

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

“HUD Declaration” means the Declaration of Restrictive Covenants entered into by HACSB and the Partnership for the benefit of HUD governing the long-term use restrictions applicable to the ACC Conversion Units prior to achievement of the Faircloth-to-RAD Conversion.

“In-Balance” means, at any time when calculated, when the cumulative amount of the undisbursed Construction Loan and the undisbursed Capital Contributions of the Limited Partners required to be paid in through and including Final Closing are sufficient in the Special Limited Partner’s reasonable judgment to pay all of the following sums: (a) all costs of construction to achieve Substantial Completion; (b) all costs of marketing, ownership, maintenance and leasing of the Apartment Complex units; and (c) all interest and all other sums accruing or payable under the Construction Loan documents. In making a determination that the financing is In-Balance, the Special Limited Partner will also consider whether the undisbursed Capital Contributions of the Limited Partners, the Permanent Loan and other sources of permanent financing (but not cash receipts) are adequate to satisfy any outstanding balance owed under the Construction Loan at the earlier of Final Closing or maturity of the Construction Loan.

“Initial Capital Contribution” has the meaning set forth in Section 5.01(c)(i).

“Initial Capital Contribution I” has the meaning set forth in Section 5.01(c)(i).

“Initial Capital Contribution II” has the meaning set forth in Section 5.01(c)(ii).

“Initial Capital Contribution III” has the meaning set forth in Section 5.01(c)(iii).

“Initial Closing” means the date upon which this Agreement is executed.

“Insurance Guidelines” shall be the standards for insurances coverage required for the development and operation of the Apartment Complex, a copy of which is attached hereto as Exhibit G.

“Interest” or “Partnership Interest” means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of said Act. Such Interest of each Partner shall, except as otherwise specifically provided herein, be that percentage of the aggregate of such benefit or obligation specified by Section 5.01 as such Partner’s Percentage Interest.

“Investment Partner” means Hudson Arrowhead LP, a Delaware limited partnership.

“Investor” means any investor that owns an equity interest, directly or indirectly, in the Investment Partner.

“Investor IRR” shall mean the effective annual rate of return of the Investment Partner’s investment in the Partnership which shall be [___%].

“IRS” means the Internal Revenue Service.

“JV Agreement” means the [Joint Venture Agreement] between the General Partner and the Class A Limited Partner, dated as of [____, 2025].

“Land” means the tract of land upon which the Apartment Complex will be located as more fully set forth in Exhibit C.

“Lender” means the Tax-Exempt Note Issuer in its capacity as maker of the Tax-Exempt Project Loan, Capital One in its capacity as maker of the Tax-Exempt Funding Loan prior to Loan Conversion and in its capacity as maker of the Capital One Construction Loan, CCRC in its capacity as maker of the Tax-Exempt Funding Loan after Loan Conversion, HCD in its capacity as the maker of the AHSC Housing Loan, HACSB in its capacity as maker of the Ground Lease Loan, National CORE in its capacity as maker of the Sponsor Loan, if applicable, the City in its capacity as maker of the City HOME Loan (if made), and, if applicable, the County in its capacity as maker of the County HOME Loan (if made), or their respective successors and assigns in such capacities, acting through any authorized representatives.

“Limited Partner(s)” means the Special Limited Partner and the Investment Partner, or any other Limited Partner in such Person’s capacity as a limited partner of the Partnership. For avoidance of doubt, the term Limited Partner(s) as used in this Agreement shall not include the Class A Limited Partner.

“Liquidator” means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

“Loan Conversion” means the later of the date on which (i) the Tax-Exempt Note has been reduced to the Permanent Tax-Exempt Loan Amount, (ii) the outstanding principal and interest of the Tax-Exempt Project Loan has been reduced to the Permanent Tax-Exempt Loan Amount, (iii) the Tax-Exempt Funding Loan has been reduced to the Permanent Tax-Exempt Loan Amount and has been assigned by Capital One to CCRC and (iv) the outstanding principal and interest of the Capital One Construction Loan has been repaid in full.

“Loan Documents” means any document or documents executed in connection with any Mortgage Loan.

“Low-Income Housing Tax Credit” means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

“Management Agent” means the management and rental agent for the Apartment Complex designated pursuant to Section 8.13.

“Management Agreement” means the agreement between the Partnership and the Management Agent providing for the marketing and management of the Apartment Complex by the Management Agent.

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of units in its Apartment Complex to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Partnership will select the Average Income Test as the Minimum Set-Aside Test and the imputed income limitations designated (or to be designated) by the Partnership with respect to each Rent-Restricted Unit shall conform with the designations set forth in the Projections and Exhibit N unless otherwise agreed by Consent of the Special Limited Partner. The Minimum Set-Aside Test, as used herein, shall be deemed to include all final or temporary regulations promulgated after the date of this Agreement with respect to the “average income test” under Section 42(g)(1)(C) of the Code.

“Mixed Finance Documents” means the Mixed Finance ACC Amendment, Declaration of Restrictive Covenants and Regulatory and Operating Agreement entered into on or about [_____, 2025] between the HACSB and the Partnership.

“Mortgage” means any mortgage or deed of trust to be given by the Partnership in favor of a Lender as maker of any Mortgage Loan, constituting a lien on the Apartment Complex and securing a Mortgage Loan.

“Mortgage Loan” or “Mortgage Loans” means, collectively, the Capital One Construction Loan, the Tax-Exempt Project Loan, the Tax-Exempt Funding Loan, the AHSC Housing Loan, the Ground Lease Loan, the Sponsor Loan and, if obtained, the HOME Loan.

“Move To Work Hardship Reserve Account” means the account established in accordance with Section 8.23.

“National CORE” means National Community Renaissance of California, a California nonprofit public benefit corporation.

“Net Cash Flow” means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (unless forfeited), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent not reinvested, and (iii) any other funds deemed available for distribution by the General Partner with the approval of the Special Limited Partner and the Lender, if required, less the sum of (i) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership’s business including the property management fee to the Management Agent but excluding the Asset Management Fee, expenditures paid from any Partnership reserve account (whether or not such expenditure is deducted, amortized or capitalized for tax purposes) and the Partnership Management Fee, (ii) all payments required on account of any loans which are not

paid under Section 7.03 (including unpaid principal and accrued interest) made to the Partnership (whether such loan is made by a Partner pursuant to Section 8.16 or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or on account of Operating Deficit Loans or Development Deficit Loans, (iii) the payment of Social Services Expenses, and (iv) any cash reserves for working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Lender or the Special Limited Partner or may be determined from time to time by the General Partner with the approval of the Special Limited Partner, and the Lender, if required, to be advisable for the operation of the Partnership. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative.

“Net Interim Income” means income received by the Partnership, prior to Final Closing, which income exceeds expenses (including mandatory debt service payments accrued and actually due and payable) and is to be distributed in accordance with Section 7.03(a) hereof.

“Note” means any mortgage or deed of trust promissory note given by the Partnership in favor of a Lender, evidencing a Mortgage Loan.

“Notice” means a writing containing the information required by this Agreement to be communicated to a Partner and sent by express courier, telephone facsimile transmission or electronic mail (provided that such facsimile transmission shall be immediately followed by a “hard” original of such writing delivered by a method set forth in this definition), or by registered or certified mail, with postage prepaid and return receipt requested, fax or electronic mail hard copy to such Partner at such Partner’s address as specified pursuant to Section 15.08, the date of receipt thereof (or the next business day if the date of receipt is not a business day) (or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable) being deemed the date of such Notice; provided, however, that any written communication containing such information sent to such Partner actually received by such Partner shall constitute Notice for all purposes of this Agreement.

“Operating Deficit” means the amount by which the revenues of the Partnership from rental payments made by tenants of the Apartment Complex (excluding security deposits until forfeited), and all other revenues of the Partnership (other than Capital Contributions, the proceeds of any loans to the Partnership and investment earnings on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts) for a particular period of time, is exceeded by the sum of all the operating expenses, including all required debt service, Social Services Expenses, operating and maintenance expenses, AHSC Program Costs which are not paid from AHSC Grant Funds, any fees to the Lender and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures, excluding payments for construction of the Apartment Complex and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partners to the Partnership and disbursements from the Construction Loan pursuant to this Agreement, during the same period of time.

“Operating Reserve Account” shall be the account established to fund Operating Deficits in accordance with Section 8.08(b).

“Operating Reserve Minimum” shall have the meaning given to it in Section 8.08(b).

“Organizational Clearance Certificate” means that certain certificate granted by the BOE, as required by section 254.6 of the CRT.

“Partner” means any General Partner, any Limited Partner and any Class A Limited Partner.

“Partner Loan” means any loan made by a Partner to the Partnership pursuant to Section 8.16.

“Partnership” means Arrowhead Grove Phase 4 LP, a California limited partnership.

“Partnership Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“Partnership Management Fee” means the fee payable by the Partnership to the General Partner pursuant to Section 8.10 of this Agreement.

“Partnership Management Fee Agreement” shall have the meaning given to it in Section 8.10 hereto.

“Partnership Portion of Shared Maintenance Costs” means the portion of the Shared Maintenance Costs attributable to the Partnership pursuant to the Reciprocal Easement Agreement.

“Payment Date” means the later of the date which is ninety (90) days after the end of the Partnership’s fiscal year with respect to the preceding fiscal year or the date on which the General Partner has delivered to all Partners the financial statements and information required to be delivered under Section 12.04(a)(i) and (ii).

“Percentage Interest” means the percentage Interest of each Partner as set forth in Section 5.01.

“Permanent Tax-Exempt Loan Amount” means [Eleven Million One Hundred Eighty-Three Thousand Dollars (\$11,183,000)].

“Permanent Tax-Exempt Loan Commitment” means the commitment from CCRC dated [_____, 2025] that, upon Loan Conversion, the Tax-Exempt Funding Loan will be assigned to CCRC.

“Permanent Loan” means the Mortgage Loan, as applicable, subsequent to Final Closing.

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Phase I Owner” means Waterman Gardens Partners 1, L.P., a California limited partnership.

“Phase II Owner” means Waterman Gardens Partners 2, L.P., a California limited partnership.

“Phase Owners” means, collectively, Phase I Owner, Phase II Owner and the Housing Authority or future owner of any other land in Arrowhead Grove.

“Plans and Specifications” means the plans and specifications for the Apartment Complex, as referenced in the Construction Contract, stamped with the seal of the Architect and/or engineer which are subject to the approval of the Special Limited Partner, any changes thereto made in accordance with the terms of this Agreement and the list of drawings compiled in connection with these plans and specifications.

“Post-Closing Due Diligence Checklist” means that certain list of items to be completed prior to any subsequent Capital Contributions being made as set forth in Exhibit M attached hereto and made a part hereof.

“Prime Rate” means the prime commercial lending rate as published and adjusted from time to time by Bank of America, N.A., Boston, Massachusetts.

“Project Documents” means and includes the Plans and Specifications, any permits and licenses which are required for the construction, operation and use of the Apartment Complex, the Ground Lease, the Tax Credit Application, the Compliance Consultant Agreement, the Construction Contract, municipal or government agency development agreements, the Radon Report, agreements with the Architect, engineers, environmental abatement consultants and contractors and other third party contractors disclosed in writing to the Limited Partner, the Environmental Reports, any purchase option agreement executed in connection herewith, any agreement for the provision of services to the Apartment Complex, any easements that benefit or burden the Land and/or the Apartment Complex, any Loan Documents executed in connection with the Construction Loan or Mortgage Loan, including, but not limited to, the Tax-Exempt Documents, the Construction Mortgage, the Mortgage, the Note, the AHSC Grant Documents, the Regulatory Agreement, the Extended Use Agreement, the Management Agreement, the Mixed Finance Documents, the RAD Documents, the HAP Contract, the Extended Use Agreement, the Management Agreement, the Social Services Plan, the marketing and tenant selection plan for the Apartment Complex, any documents executed in connection with any Property Tax Exemption, the Reciprocal Easement Agreement, all agreements attached hereto including, but not limited to, the Partnership Management Fee Agreement, the Development Agreement, the Unconditional Guaranty, the Social Services Agreement, the Security Plan, the Certification and Agreement and all other instruments delivered to (or documents required by) any Lender or the Agency, the JV Agreement and all other documents relating to the Apartment Complex or executed in connection with any of the aforesaid documents and by which the Partnership is bound (including guidelines issued by the CDC and OSHA), as amended or supplemented from time to time.

“Projected Credit” means Low-Income Housing Tax Credits in the amount of [\$1,374,476] for the year 2027, [\$2,989,895] per year for each of the years 2028 through 2036 and [\$1,615,419] for the year 2037 which the General Partner has projected to be the total amount of the Tax Credits which will be allocated to the Partnership, provided, however, that the Projected Credit for 2037 with respect to Low-Income Housing Tax Credits shall be reduced by the amount, if any, by which the Actual Credit for 2027 exceeds [\$1,374,476].

“Projections” means the projections of the anticipated results of the operation of the Partnership attached hereto as Exhibit H to this Agreement.

“Property Tax Exemption” shall mean the real estate tax exemption granted under Section 214(g) of the CRT, as amended, and as further defined by Property Tax Rule 140.

“Property Tax Rules” means the rules and regulations of the BOE, including, without limitation, BOE Property Tax Rule 140 and 140.1, as such may be modified or amended.

“Qualified Tenants” shall mean any tenants who have incomes of eighty percent (80%) or less of the area median gross income, as adjusted for family size, so as to satisfy the Average Income Test and make the Apartment Complex eligible for Tax Credits.

“RAD-Assisted Units” means, initially, the 91 dwelling units in the Apartment Complex receiving project-based voucher assistance under the HAP Contract. From and after achievement of the Faircloth-to-RAD Conversion, the term “RAD-Assisted Units” as used herein shall be deemed to include the 91 ACC Conversion Units.

“RAD Commitment to Enter into HAP Contract” or “CHAP” means the award letter issued by HUD with respect to the Apartment Complex, as amended, constituting HUD’s “Commitment to Enter into a Housing Assistance Payments” contract.

“RAD Conversion Commitment” or “RCC” means the Rental Assistance Demonstration Conversion Commitment issued by HUD on or prior to Substantial Completion, as amended, pursuant to which HUD has approved the Partnership’s proposed financing plan.

“RAD Conversion Conditional Approval” or “RCCA” means the Rental Assistance Demonstration Conversion Conditional Approval issued by HUD on [____, 2025], as amended, pursuant to which HUD has conditionally approved the conversion of the ACC Conversion Units to RAD-Assisted Units.

“RAD Documents” means the CHAP, RCCA, the RCC, the HAP Contract, the RAD Use Agreement, and all other documents executed by the Partnership in connection with the conversion of the existing public housing assistance to project-based rental assistance pursuant to the RAD Program.

“RAD Program” means HUD’s Rental Assistance Demonstration program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011), as amended, and the corresponding Notice H-2019-09/PIH 2019-23, REV-4, as amended.

“RAD Subsidy Reserve Account” means the account established in accordance with Section 8.22.

“RAD Use Agreement” means (i) the Use Agreement (HUD Form 52625) executed by the Partnership in favor of HUD in exchange for HUD’s agreement to permit the conversion of the existing public housing assistance to project-based rental assistance with respect to the RAD-Assisted Units as authorized under the RAD Program, and (ii) from and after achievement of the Faircloth-to-RAD Conversion, the Use Agreement (HUD Form 52625) executed by the Partnership in favor of HUD in exchange for HUD’s agreement to permit the conversion of the ACC Payments to project-based rental assistance with respect to the ACC Conversion Units as authorized under the RAD Program.

“Radon Report” shall mean the report produced by an environmental consultant acceptable to the Special Limited Partner as required by Section 4.01(oo).

“Reciprocal Easement Agreement” shall be the Second Amended and Restated Declaration Providing for Reciprocal Easements dated as of [_____, 2025] by the Housing Authority and agreed and acknowledged by the Phase I Owner, the Phase II Owner and the Partnership.

“Regulatory Agreements” means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions entered into by the Partnership in favor of any Lender or Agency or any other applicable Authority setting forth certain terms and conditions under which the Apartment Complex is to be operated. The term “Regulatory Agreements” as used herein includes, without limitation, the AHSC Regulatory Agreement, the Tax-Exempt Project Loan regulatory agreement, the Extended Use Agreement, the Regulatory and Operating Agreement (for so long as it remains in effect), the HUD Declaration (prior to release) and the RAD Use Agreement.

“Regulatory and Operating Agreement” means the Regulatory and Operating Agreement for the ACC Conversion Units at the Apartment Complex, dated on or about the date hereof, by and between HACSB and the Partnership, which provides for payment of ACC Payments with respect to the ACC Conversion Units.

“Rent Restricted Units” means ninety-one (91) units in the Apartment Complex which are subject to the Rent Restriction Test.

“Rent Restriction Test” means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Rent Restricted Units in the Apartment Complex cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

“Rent Roll” means a rent roll for all the rental units in the Apartment Complex and shall include (i) income designations for each Rent Restricted Unit, and (ii) the average of the imputed income limitations designated for the Rent Restricted Units, which has been certified by the General Partner.

“Rental Achievement” means the earliest date on which (i) the Special Limited Partner is in receipt of a Rent Roll certified by the General Partner evidencing compliance with the Average Income Test and that (a) [twenty-three (23)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed thirty percent (30%) of area median income, as adjusted for family size, (b) [seventeen (17)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed forty percent (40%) of area median income, as adjusted for family size, (c) [nineteen (19)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed fifty percent (50%) of area median income, as adjusted for family size, (d) [eleven (11)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed sixty percent (60%) of area median income, as adjusted for family size, (e) [eleven (11)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed seventy percent (70%) of area median income, as adjusted for family size and (b) [ten (10)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed eighty percent (80%) of area median income, as adjusted for family size; and (ii) not less than one hundred

percent (100%) of the Rent Restricted Units are occupied or have been occupied at least once for a period of thirty (30) consecutive days, subject to written leases of twelve (12) months or longer, by persons whose incomes do not exceed the Minimum Set-Aside Test, at rents which do not exceed the lesser of (A) the rents permitted under the Rent Restriction Test, (B) the rents approved by the Agency and (C) the rents approved by HCD, as applicable.

“Reserve Fund for Replacements” means the cash funded reserve with the Capital One for replacements required by the Lender in connection with the Mortgage Loan and by the Special Limited Partner as required pursuant to Section 8.18.

“ROFR Agreement” means that certain Right of First Refusal and Purchase Option Agreement in favor of the Developer of even date herewith, to be recorded in the land records of the County attached hereto as Exhibit K.

“Second Capital Contribution” has the meaning set forth in Section 5.01(c)(iv).

“Security Plan” means the security plan for the Apartment Complex to be delivered to and approved by the Special Limited Partner.

“Shared Maintenance Costs” means the costs to maintain, service, repave, seal, restripe, repair and replace the improvements located in the Parking Property (as such term is defined in the Reciprocal Easement Agreement) and the Private Street Circulation System (as such term is defined in the Reciprocal Easement Agreement) including sidewalks adjacent to such private streets, if any, landscaping adjacent to or in medians within such private streets, if any, and private street lighting adjacent to such private streets.

“SLP Replacement Reserve” means the account established under Section 8.18.

“Social Services” means those social services which the Partnership is obligated to provide in connection with the Apartment Complex, including, without limitation, any such social services described in the applications submitted by or for the benefit of the Partnership in connection with the Low-Income Housing Tax Credit (including, without limitation, the Partnership’s application with the Agency) and the Mortgage Loans.

“Social Services Agreement” means that certain Contract for Social Services by and between National CORE and the Social Services Provider dated as of August 26, 2024 for the provision of social services to tenants of the Apartment Complex and which was assigned to the Partnership on [_____, 2025], attached as part of Exhibit J, as it may be amended with the Consent of the Special Limited Partner.

“Social Services Expenses” means the expenses associated with carrying out the Social Services Agreement and complying with the terms of Section 4.02, including any fee to the Social Services Provider provided for in the Social Services Agreement.

“Social Services Plan” shall mean the plan for Social Services.

“Social Services Provider” shall mean Hope Through Housing Foundation, a California nonprofit public benefit corporation, or such other provider that is Consented to by the Special Limited Partner.

“Sponsor” shall mean National CORE.

“Sponsor Loan” means the mortgage loan in the anticipated principal amount of [\$9,900,000] with interest equal to [three percent (3%)], compounding annually, and a maturity date of [fifty-five (55)] years from Final Closing to be made to the Partnership by National CORE which will be evidenced by the mortgage note or deed of trust note to be given by the Partnership to the National CORE at Initial Closing, which will be secured by a Mortgage in [_____] lien priority and other related security documents and financing statements, and which shall be recourse to the Partnership and the General Partner.

“Special Limited Partner” means Hudson SLP LLC, a Delaware limited liability company.

“State” means the State of California.

“Substantial Completion” means the date on which all the following events have occurred: (i) lien-free and defect-free construction or rehabilitation is sufficiently complete in accordance with the Project Documents (including the Plans and Specifications) to the reasonable satisfaction of the Special Limited Partner such that the Apartment Complex can be used as intended and temporary (or final) Certificate(s) of Occupancy have been issued for the Apartment Complex, (ii) the Architect has issued an Architect’s Certificate of Substantial Completion, substantially in the form of American Institute of Architects (AIA) Document G704, which attests to the substantial completion of the complete residential building, (iii) all amounts owing to the Contractor for the construction or rehabilitation of the Apartment Complex have been paid in full (subject to retainage, holdbacks for nonmaterial “punch-list” items which would not impede the rental of any units in the Apartment Complex at rents acceptable to the Special Limited Partner) and all liens covering the Apartment Complex other than that of the Construction Lender and other than those Consented to by Special Limited Partner have been released or bonded off according to the construction mechanic’s lien laws of the State, (iv) no event of default under the Construction Loan or any third-party construction financing for the Partnership has been declared and is continuing, and the Partnership has not received notice from any lender of a default which, upon the expiration of any applicable cure period, would become an event of default, and (v) receipt by the Special Limited Partner of a certification from the appropriate testing and oversight entities (i.e., geotechnical engineer or any independent material testing laboratory) attesting to the Apartment Complex’s conformity with the specifications set forth in all required quality assurance criteria.

“Substitute Limited Partner” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.05.

“Supplemental Clearance Certificate” means that certain certificate granted by the BOE, as more particularly described under the Property Tax rule 140.2.

“Tax Credit” means the Low-Income Housing Tax Credit.

“Tax Credit Allocation” means, with respect to the Apartment Complex, the written determinations by the Agency and/or Lender that the Apartment Complex meets the requirements set forth in Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code.

“Tax Credit Application” means the Partnership’s application to the Agency for a Low-Income Housing Tax Credit Reservation.

“Tax Credit Recapture Event” means (a) the filing of a tax return or an amended return by the Partnership evidencing a reduction in the qualified basis of the Apartment Complex or an event described in Section 42(j) of the Code causing a recapture of Tax Credits previously allocated to a Limited Partner, (b) a reduction in the qualified basis or applicable percentage with respect to the Apartment Complex following an audit by the IRS which results in the assessment of a deficiency by the IRS with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Partnership with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, (d) the decision of a federal court of competent jurisdiction affirming such decision or (e) any other event which would cause a recapture of a Tax Credit under applicable law.

“Tax-Exempt Documents” means any indenture, regulatory agreement, loan agreement, pledge agreement, master agency agreement and all other documents and instruments executed and delivered in connection with the Tax-Exempt Note.

“Tax-Exempt Note” means California Statewide Communities Development Authority Multifamily Housing Revenue Note (Arrowhead Grove Phase IV) 2025 Series J.

“Tax-Exempt Note Issuer” means the California Statewide Communities Development Authority.

“Tax-Exempt Funding Loan” means the tax-exempt loan from Capital One to the Tax-Exempt Note Issuer in the principal amount of [\$33,060,500], the proceeds of which shall be used to fund the Tax-Exempt Project Loan and which shall be paid down as the Tax-Exempt Project Loan is paid down and shall be assigned from Capital One to CCRC at Final Closing.

“Tax-Exempt Project Loan” means that certain loan made by the Tax-Exempt Note Issuer to the Partnership funded with proceeds of the Tax-Exempt Funding Loan in the initial principal amount of [\$33,060,500]. The Tax-Exempt Project Loan has a construction term of [__] months [29 months] [(subject to one (1) conditional six-month extension)]. Prior to Loan Conversion, the Tax-Exempt Project Loan shall bear interest equal to the one-month term “Secured Overnight Financing Rate” (SOFR) (but not less than [__%]) plus [__%] per annum (each exclusive of issuer fees, trustee fees and processing fees). Subsequent to Loan Conversion, the principal amount of the Tax-Exempt Project Loan shall not exceed the Permanent Tax-Exempt Loan Amount, shall have a fixed interest rate equal to [__%] per annum, and a maturity date [thirty-five (35)] years from the date of Loan Conversion. The Tax-Exempt Project Loan will be nonrecourse to the Partnership and the Partners from and after Loan Conversion (other than customary nonrecourse carve out provisions which have been Consented to by the Special

Member) and which will be held by parties who are not “related parties” to the General Partner within the meaning of Section 752 of the Code and the regulations thereunder.

“Tax Exemption Application” means that certain application to the BOE on an annual basis for property tax exemption purposes.

“Third Capital Contribution” has the meaning set forth in Section 5.01(c)(v).

“Unconditional Guaranty” means the Unconditional Guaranty executed by the Guarantor, as set forth in Exhibit D, pursuant to which the Guarantor has guaranteed obligations of the General Partner.

“Unit Designations” means the unit-by-unit imputed income limitation designations made by the Partnership pursuant to Section 42(g)(1)(C)(ii)(II) of the Code, a listing of such designations is attached hereto as Exhibit N.

ARTICLE III

PURPOSE AND BUSINESS OF THE PARTNERSHIP

3.01 Purpose of the Partnership. The Partnership has been organized exclusively to acquire the Land and to develop, finance, construct, own, maintain, operate and sell or otherwise dispose of the Apartment Complex, all in furtherance of the charitable purposes of the sole members of each General Partner, in order to obtain for the Partners cash income, and tax benefits consisting of Tax Credits and tax losses over the term hereof.

3.02 Authority of the Partnership. In order to carry out its purpose, the Partnership is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Partnership, including but not limited to the following:

- (a) acquire the Land on which the Apartment Complex is to be located;
- (b) construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Apartment Complex;
- (c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Regulatory Agreement so long as the Regulatory Agreement remain(s) in force;
- (d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership;

(e) borrow money and issue evidences of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, or other lien except as limited by Section 8.02(b) hereof;

(f) maintain and operate the Apartment Complex and enter into any agreement for the management of the Apartment Complex during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Lender, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Partnership, or for the refinancing of any mortgage loan on the property of the Partnership;

(h) enter into the Regulatory Agreement and the Loan Documents, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Apartment Complex from time to time, in accordance with the provisions of the Code applicable to Low Income Housing Tax Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Apartment Complex, and distributing the net proceeds to the Partners, subject to any requirements which may be imposed by the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Partnership's business.

3.03 HUD Provisions.

The following provisions apply to the ACC Conversion Units for so long as the Partnership is subject to the Regulatory and Operating Agreement:

(a) The Partners hereby acknowledge that the ACC Conversion Units constitute a public housing project as defined in the Housing Act, which is subject to all requirements applicable to a public housing project under the Housing Act, including, without limitation, requirements with respect to operating receipts and operating expenditures as contained in the ACC. In return for its receipt of such assistance, the Partnership agrees to develop, operate and maintain the ACC Conversion Units in accordance with All Applicable Public Housing Requirements (as such term is defined in the Regulatory and Operating Agreement). Notwithstanding any provision to the contrary herein, in the event of a conflict between a provision contained in this Agreement, and a requirement set forth in (i) the Regulatory and Operating Agreement; (ii) any of the documents entered into between the Partnership and the Housing Authority, or between the Partnership and any third party(ies), with respect to the development of the Apartment Complex (the "Development Documents"); or (iii) All Applicable Public Housing Requirements, then the Regulatory and Operating Agreement, the Development Documents, and All Applicable Public Housing Requirements shall (except as such requirements may have been expressly waived in writing by the Housing Authority and

HUD) in all instances be controlling, although the failure of any such document to comply with the terms of this Agreement may constitute a breach of this Agreement and trigger the consequences of any such breach as set forth herein. In the further event of a conflict between a provision set forth in the Regulatory and Operating Agreement and All Applicable Public Housing Requirements, or between a provision set forth in the Development Documents and All Applicable Public Housing Requirements, then All Applicable Public Housing Requirements shall in all instances be controlling.

(b) The approval by HUD and the Housing Authority of the Mixed Finance ACC Amendment and any evidentiary materials submitted pursuant thereto, including but not limited to this Agreement, shall not be deemed in any way to be HUD or the Housing Authority approval for this Agreement to amend, modify, or alter the Regulatory and Operating Agreement or All Applicable Public Housing Requirements.

(c) This Agreement may not be amended in any way that in the opinion of HUD or the Housing Authority may adversely affect the construction, continued maintenance and operation of the ACC Conversion Units as public housing or otherwise modifies a provision of this Agreement necessary for compliance with All Applicable Public Housing Requirements without the prior written approval of HUD and the Housing Authority. Nothing in this Section 3.03(c) shall be construed as requiring the prior written approval of HUD or the Housing Authority to any transfers of the interests of the Limited Partners (and any member thereof) except to the extent required under the Project Documents.

(d) The Partners acknowledge that the transfer of public housing development funds and/or operating assistance to the Partnership will not be (and shall not be deemed to be) an assignment of such development funds or operating assistance. Accordingly, the Partners further acknowledge that the Partnership will not succeed to any rights or benefits of the Housing Authority under the ACC, or attain any privileges, authorities, interests, or rights in or under the ACC, the Mixed Finance ACC Amendment or the HOPE VI grant agreement.

(e) The Partners expressly acknowledge that, in return for the Partnership's receipt of assistance under the Housing Act, the Apartment Complex is subject to, among other requirements, a low income use requirement, restrictions on disposition (both with respect to the Apartment Complex and to transfers of the interests of the Partnership under this Agreement), and to restoration requirements (in the event of a partial or total casualty loss or condemnation of the Apartment Complex) as more fully set forth in the HUD Declaration, the Regulatory and Operating Agreement and the Mixed Finance Documents, and hereby agree to such restrictions, notwithstanding any provisions to the contrary in this Agreement.

(f) The Partners acknowledge that nothing in the ACC or any other agreement or contract between the Partners shall be deemed to create a relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture or any association or relationship involving HUD.

(g) The Partnership agrees to ensure that every contract, or other legally binding agreement, entered into between the Partnership and any third party with respect to the development, management, operation or disposition of the ACC Conversion Units requires such third party to comply with the Applicable Public Housing Requirements in connection with the ACC Conversion Units. The Partnership further agrees to include in any such contract, or other legally binding agreement, with a third party the disclaimers (as appropriately modified) set forth in clauses (d) and (f) herein.

3.04 RAD Provisions.

The following provisions apply to the RAD-Assisted Units for so long as the RAD Use Agreement, as amended from time to time, is in effect:

(a) If any of the provisions of this Agreement conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(b) The provisions of this Section 3.04 are required to be inserted into this Agreement by HUD and may not be amended without HUD's prior written approval. If there is a conflict between any of the HUD-required provisions and any other provision of this Agreement, the terms of these HUD-required provisions will govern. If there is a conflict between the RAD Use Agreement or these HUD-required provisions related to the RAD program and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control.

(c) The General Partner may be removed for cause by the Investment Partner and/or Special Limited Partner pursuant to Section 8.12 of this Agreement but only subject to the conditions set forth in Section 37 of the HAP Contract Part 2.

(d) Neither the Partnership nor any Partner of the Partnership shall have authority to take any action in violation of the RAD Use Agreement; or (ii) fail to renew the HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Housing Authority or HUD.

ARTICLE IV

WARRANTIES AND COVENANTS AND DUTIES AND OBLIGATIONS OF GENERAL PARTNER AND CLASS A LIMITED PARTNER

4.01 Representations, Warranties and Covenants. The General Partner (and the Class A Limited Partner with respect to Sections 4.01(a), (g), (h), (i), (l), (t), (v), (qq), and (rr)) hereby represents, warrants and covenants to the Partnership and to the Partners that:

(a) the execution and delivery of this Agreement by the General Partner and the performance by the General Partner of the transactions contemplated hereby have been duly authorized by all requisite actions or proceedings; the General Partner, a special purpose entity, is duly organized, validly existing and in good standing under the

laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby; the Class A Limited Partner, a special purpose entity, is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby;

(b) the construction and development of the Apartment Complex shall be undertaken and shall be completed in a timely, good and workmanlike manner in substantial accordance with (i) all applicable requirements of the Construction Loan and the Project Documents, (ii) all applicable requirements of all appropriate Authorities or by any applicable laws, statutes or regulatory requirements (including any prevailing wage or labor requirements imposed by any Authority or Lender), the violation of which would have, or would be likely to have, an adverse effect on the Apartment Complex or the Partnership, (iii) all applicable requirements of the Fair Housing Act, and (iv) the Plans and Specifications of the Apartment Complex that have been or are hereafter approved by the Construction Lender, the Limited Partners and the Lender, if required, HUD and any applicable Authorities, as such Plans and Specifications may be changed from time to time with the prior written approval of the Construction Lender, the Special Limited Partner, and the Lender, if required, and any applicable Authorities, if such approval shall be required provided, however, that the Special Limited Partner must Consent to change orders in advance of any change order being implemented if (1) the cost associated with any one such change is more than [\$50,000] or if the cost of all change orders to date exceeds [\$200,000], (2) such change would result in materials of lesser quality being used in the Apartment Complex, (3) such change represents a deviation, whether or not of lesser quality, from the original work scope agreed to by the Special Limited Partner, or (4) such change would cause a delay in the construction of the Apartment Complex; however, the General Partner shall promptly provide copies of all change orders to the Special Limited Partner and, on a monthly basis, the General Partner shall submit to the Special Limited Partner copies of AIA Forms G-702 and G-703 (the "AIA Forms") setting forth all change orders for that month. The AIA Forms shall be accompanied by a cover letter listing all change orders discussed in the AIA Forms and a change order log. Prior to Substantial Completion, the General Partner shall, on the first of each month (or as available based on the frequency of issuance), supply the Special Limited Partner with the following documents: (1) an Approved/Pending Change Order Log, (2) a Construction Schedule Update, (3) a Request for Information Log, (4) a Submittals Log, and (5) Weekly Meeting Minutes;

(c) the Plans and Specifications have been reviewed and approved by the Contractor and Architect. The Land is and will be properly zoned for the Apartment Complex; all consents, permissions and licenses required by all applicable Authorities for the use and construction of the Apartment Complex as set forth in the Plans and Specifications have been obtained or, when required, will be obtained, and the use and construction of the Apartment Complex pursuant to the Plans and Specifications conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations;

(d) all legally required or appropriate roads, public utilities in adjoining public rights of way, including, without limitation, sanitary and storm sewers, telephone, water, gas and electricity, are currently available and will be operating and

maintained properly in compliance with all applicable legal requirements for all units in the Apartment Complex at the time of first occupancy of such units and no utility service or access to the site is by private or shared improvements;

(e) mortgagees' title insurance policies of a financially responsible institution and in amounts acceptable to the Lender respectively, and an owner's title insurance policy of a financially responsible institution acceptable to the Special Limited Partner, under ALTA form (revised 2021) or other form affording comparable protection and reasonably acceptable to the Special Limited Partner, with such endorsements as the Special Limited Partner shall request, will be issued at or prior to the Initial Closing (as to the Construction Lender, the Lender and the Partnership) and Final Closing (as to the Lender), and shall remain in full force and effect. The Partnership's policy will insure that it holds good, marketable ground leasehold interest in the Land and any improvements thereon, subject only to such defects, encumbrances and other exceptions as the Special Limited Partner shall approve, and the mortgagee's policies shall be subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in mortgagees' title insurance policies and which are acceptable to the Lender;

(f) except for the Sponsor Loan and the Ground Lease Loan, at and after Final Closing the Partnership and the Partners and their Affiliates shall have no personal liability for the repayment of the principal of or payment of interest on the Mortgage Loan (other than customary non-recourse carve out provisions which have been Consented to by the Special Limited Partner), that the sole recourse of the Lender, with respect to the principal thereof and interest thereon shall be to the property securing the Mortgage Loan, except that any Partner shall be personally responsible (i) for funds or property of the Apartment Complex coming into such party's hands, which, by the terms of the Regulatory Agreement it is not entitled to retain, and (ii) for such party's own acts and deeds, or the acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement;

(g) there is no default under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or, to the knowledge of the General Partner and/or the Class A Limited Partner, threatened against the General Partner, the Class A Limited Partner, the Apartment Complex or the Partnership, or related to the business or assets of the Partnership or of the Apartment Complex, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Partnership or of the Apartment Complex and no action, suit or proceeding is pending or, to the General Partner's knowledge and/or the Class A Limited Partner, threatened against the General Partner, the Class A Limited Partner, the Guarantor, the Developer, any Affiliate(s) of the foregoing, the Apartment Complex or the Partnership relating to any Anti-Corruption Laws;

(h) neither the General Partner nor the Class A Limited Partner nor any of its Affiliates nor the Partnership, has entered, or shall enter, into any agreement or contract for the payment of any Mortgage Loan discounts, additional interest, yield maintenance or other interest charges or financing fees or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to the Mortgage

Loan; in no event will any General Partner or the Class A Limited Partner or the Partnership enter into any such agreement or guaranty of any kind whatsoever (such as an escrow arrangement or letter of credit arrangement) which would subject the Partnership or any of the Partners to personal liability as to the principal of or interest on the Mortgage Loan following Final Closing (except for customary non-recourse carve-out provisions which have been Consented to by the Special Limited Partner);

(i) the execution of this Agreement, the incurrence of the obligations set forth in this Agreement and the Project Documents, and the consummation of the transactions contemplated by this Agreement and the Project Documents do not violate any provision of law, including, without limitation, any Anti-Corruption Laws, any order, judgment or decree of any court binding on the Partnership or any General Partner or any Affiliate(s) thereof or any Class A Limited Partner or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or any General Partner is a party or by which the Partnership or the Apartment Complex is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex;

(j) the Construction Contract, a true and correct copy of which (including all exhibits) has been provided to the Special Limited Partner, has been entered into between the Partnership and the Contractor; no other consideration or fee is payable to the Contractor in its capacity as the Contractor for the Apartment Complex other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by, if required, the Construction Lender and/or Lender, as applicable, and as otherwise disclosed in writing to and approved (if required by the terms of this Agreement) by the Special Limited Partner. The General Partner acknowledges that the Construction Contract is based upon a fixed price, which price is subject to change based upon the issuance of General Partner and Special Limited Partner approved change orders. Furthermore, the General Partner represents that the Construction Contract contains no labor and material escalation clauses, that any allowances within the Construction Contract shall not exceed \$50,000, and in no event, following execution of the Construction Contract, shall the Partnership be responsible to pay for escalation of any labor or materials already encompassed by the Construction Contract. The General Partner acknowledges that the building and HVAC system is fully designed to utilize refrigerant R-454B and no change orders will be required to accommodate this system including but not limited to: equipment availability, additional shaft walls, relocation of refrigerant lines, additional design fees, and additional contractor fees;

(k) the General Partner shall cause the insurance coverages set forth in the Insurance Guidelines, a copy of which is attached hereto as Exhibit G, insuring the Partnership and covering the Land and the Apartment Complex, to be established and maintained in full force and effect during the term of the Partnership;

(l) neither the General Partner nor the Class A Limited Partner has, either individually, or on behalf of the Partnership, and the Partnership has not, incurred any financial responsibility with respect to the Partnership or the Apartment Complex prior to

the date of execution of this Agreement, other than (i) those disclosed to the Special Limited Partner, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing;

(m) the Partnership is and will continue to be a valid limited partnership, duly organized and in good standing under the laws of the State, and shall have and shall continue to have full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partners and to enable the Partnership to engage in its business;

(n) no restrictions on the sale or refinancing of the Apartment Complex, other than the restrictions to be set forth in the Project Documents and Section 42 of the Code exist as of the date hereof, and no such restrictions shall, at any time while the Special Limited Partner and/or the Investment Partner is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex;

(o) the Apartment Complex is being developed in a manner which satisfies, and shall continue to satisfy any restrictions imposed in connection with the Property Tax Exemption, all restrictions, including tenant income and rent restrictions, applicable to projects generating Low-Income Housing Tax Credits under Section 42 of the Code;

(p) the Projected Credits applicable to the Apartment Complex are Low Income Housing Tax Credits of [\$1,374,476] for the year 2027, [\$2,989,895] per year for each of the years 2028 through 2036, and [\$1,615,419] for the year 2037;

(q) the General Partner has fully complied with all applicable provisions and requirements of any and all purchase and/or lease agreements, loan agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex; it shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements;

(r) the Partnership has received a valid Section 42(m) Determination Letter with respect to the Apartment Complex;

(s) the facts and underlying assumptions with respect to the development and operation of the Apartment Complex, the General Partner, Guarantor and their Affiliates provided to the Partners in conjunction with the preparation of financial forecasts and the Development Budget are accurate and reasonable, and nothing has come to the attention of the General Partner that would cause the General Partner to believe that such facts and assumptions are incorrect in any material respect;

(t) based upon its actual knowledge and other than as reflected in the Environmental Reports, the Land does not contain and is not affected by any Hazardous Material (as hereinafter defined); neither the General Partner, the Class A Limited Partner, the Partnership, nor the Land or any portion thereof is in violation of any applicable

Environmental Laws (as hereinafter defined); neither the General Partner, the Class A Limited Partner nor the Partnership has received notice of any violations of any Environmental Laws relating to or affecting the Land; and no actions, suits or proceedings have been commenced, or are pending, or to the best knowledge of each General Partner, are threatened with respect to any Environmental Laws and which relate to the Land or any of the Partnership's other properties or assets. The General Partner and the , the Class A Limited Partner have no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Materials at, upon, under or within the Land or any contiguous real estate. Neither the General Partner nor the Class A Limited Partner nor, to the best of their knowledge, any other party, is or will be involved in operations at or, pursuant to each General Partner's and Class A Limited Partner's best knowledge, near the Land, which operations would lead to (A) a determination of liability under the Environmental Laws as to the Partnership, or (B) the creation of a lien on the Land under the Environmental Laws. The General Partner and the Class A Limited Partner each covenants and agrees that it shall not take any action or fail to take any action, or permit any other person or entity within the General Partner's or the Class A Limited Partner's control to take any action or fail to take any action and it will use its best efforts not to permit any tenant or occupant of the Apartment Complex to engage in any activity, which would result in the Apartment Complex or the Land containing or being affected by any Hazardous Materials in violation of any Environmental Laws, or would result in any Hazardous Materials being released from the Apartment Complex in violation of any Environmental Laws. The General Partner and the Class A Limited Partner shall comply strictly and in all respects with all requirements of the Environmental Laws. The General Partner further covenants and agrees that it will promptly notify the Special Limited Partner if that General Partner and/or the Class A Limited Partner gains knowledge of any of the following: (i) the presence or possible presence of any Hazardous Material on, in, affecting, or released from the Apartment Complex or the Land; (ii) the violation of any Environmental Laws with respect to the Partnership, the Land or the Apartment Complex; and (iii) any notice of violation of or requesting action pursuant to any Environmental Laws or the commencement of any actions, suits, or proceedings relating to Environmental Laws and relating to or affecting the Apartment Complex or the Land. The General Partner shall promptly deliver to the Special Limited Partner a copy of any notice of violation of any Environmental Laws and any court documents or correspondence relating to any action, suit or proceeding in connection with Environmental Laws. For purposes of this Section, "Hazardous Material" or "Hazardous Materials" means and includes petroleum products, flammable explosive, radioactive materials, lead-based paint, methane gas, urea formaldehyde insulation, asbestos or any material containing asbestos, polychlorinated biphenyls, radon, underground storage tanks and/or any hazardous, toxic or dangerous waste, substance or material now or hereafter defined as such or any similar term, by or in the Environmental Laws but not including construction products, household cleaners and office materials of the type and quantity ordinarily used in the normal construction, operation and maintenance of properties similar to the Apartment Complex so as not to be defined as Hazardous Materials by or in the Environmental Laws. For purposes of this Section, "Environmental Law" or "Environmental Laws" means and includes any federal, state, and local laws, statutes, rules, regulations and ordinances pertaining to the protection of the environment and otherwise pertaining to public health or employee health and safety, including, but not limited to, the Residential Lead-Based Paint Hazard Reduction Act of 1992, the Comprehensive

Environmental Response, Compensation and Liability Act; the Clean Air Act; the Clean Water Act; the Toxic Substance Control Act; the Safe Drinking Water Control Act; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act; the Hazardous Waste Management System, the Emergency Planning and Community Right to Know Act and the Occupational Safety and Health Act of 1970;

(u) the General Partner will indemnify and hold the Partnership, the Investor, the Limited Partners and the members and partners thereof, Hudson Housing Capital LLC and their respective Affiliates and agents, free and harmless from any injury, loss or damage (including, but not by way of limitation, reasonable attorneys' fees, court costs, and amounts paid in settlement of any claims, which settlement has been mutually agreed to by it and the party against whom such claim has been made) resulting from the claims of any Person with respect to any liability arising under the Securities Act of 1933 or the Securities Exchange Act of 1934 or the laws or regulations of any state or other jurisdiction, which claims are based upon alleged fraud, deceit, or untrue statement or alleged untrue statement of a material fact, or the omission or alleged omission to state a material fact required to be stated or necessary to make the statements not misleading, with respect to or based upon information furnished or statements made by it to the Limited Partners, the Investor, Hudson Housing Capital LLC, their Affiliates or agent(s), in connection with the acquisition by the Limited Partners from or through their Interests in the Partnership or the offer or sale of limited partnership interests in the Partnership or in the Limited Partners;

(v) the financial statements and other written information provided to the Special Limited Partner with respect to the financial condition of the General Partner, the Class A Limited Partner and Guarantor are true and accurate as of their respective dates and do not omit any material fact;

(w) the General Partner shall keep all sources of funding In-Balance and has adequate sources of funds to timely cause Substantial Completion of the Apartment Complex and satisfaction of all other obligations of the Partnership and General Partner under this Agreement;

(x) the General Partner shall at no time develop the Apartment Complex or manage the Partnership in a manner which is not consistent with the award of points assigned by the Agency to the Partnership's Tax Credit Application, except with the prior approval of the Agency and the Special Limited Partner;

(y) the General Partner has complied and will comply in all material respects with and has caused and will cause the Partnership and the General Partner to comply with all applicable local, state and federal laws (including, without limitation, Anti-Corruption Laws), statutes, regulations, rules and ordinances (including, without limitation, all applicable filing and disclosure requirements);

(z) the General Partner covenants and agrees that it will notify the Special Limited Partner if the General Partner gains knowledge of any violation of Anti-Corruption Laws by the General Partner, the Guarantor, the Developer or any Affiliate(s) of the foregoing, or circumstances likely to give rise to such a violation, and, upon the request of

the Limited Partner, will provide information verifying its compliance with Anti-Corruption Laws;

(aa) the General Partner has obtained any consents or approvals of any Authority or any other Person which are necessary in connection with the admission of the Investment Partner to the Partnership including without limitation, if applicable, previous participation certification approvals from HUD and all consents to the admission of the Investment Partner required from (A) the Lender, (B) Authorities and (C) the current owner of the Land and all filings and certifications made by or on behalf of the General Partner and its Affiliates in order to obtain such consents or approvals are true, correct and complete and conform to the regulations or requirements applicable thereto;

(bb) the Partnership has used the accrual method of accounting since its formation and will continue to do so;

(cc) except with respect to the Sponsor Loan and the Ground Lease Loan, no Mortgage Loan is or will be guaranteed or held by any Partner or any person who is a related person to such Partner within the meaning of Section 752 of the Code and the regulations issued thereunder;

(dd) in accordance with Code Section 168, the personal property and site improvements owned by the Partnership shall be depreciated over nine (9) and twenty (20) years, respectively, using the applicable depreciation methods defined in Section 168 of the Code. In addition, notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall make an election for the Partnership to be treated as an “electing real property trade or business” pursuant to Section 163(j)(7)(B) of the Code to avoid the interest deduction limitation imposed under Section 163(j)(7) of the Code, and shall depreciate the Apartment Complex over thirty (30) years under the alternative depreciation system of Section 168(g)(1)(F) of the Code, and elect not to claim bonus depreciation for site improvements and personal property under Section 168(k) of the Code. Provided also that, without the approval of the Limited Partner, the General Partner shall not allow the Partnership to file a tax return reflecting an allocation of cost to a class of property other than residential rental property that varies by more than ten percent (10%) from the cost set forth in the Projections;

(ee) the General Partner shall provide the Special Limited Partner with copies of all construction draw requests (and related backup materials including but not limited to invoices and/or receipts) submitted to the Lender which draw requests shall be subject to the reasonable approval of the Special Limited Partner;

(ff) during construction, a geotechnical engineer shall be retained for periodic inspection of site preparation activities who shall certify upon Substantial Completion that all recommendations made by the said geotechnical engineer were properly implemented;

(gg) the General Partner shall collect original income verification documents which are reviewed in connection with the screening of the initial occupants of the units comprising Rental Achievement;

(hh) the General Partner shall provide the Special Limited Partner with an executed copy of the Extended Use Agreement within fifteen (15) days of its execution;

(ii) at and after Final Closing, the principal amount of the Mortgage Loan shall not exceed an amount which would result in amortized monthly payments of principal and interest that would prevent Breakeven Operations from being achieved;

(jj) the General Partner has agreed that (a) [twenty-three (23)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed thirty percent (30%) of area median income, as adjusted for family size, (b) [seventeen (17)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed forty percent (40%) of area median income, as adjusted for family size, (c) [nineteen (19)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed fifty percent (50%) of area median income, as adjusted for family size, (d) [eleven (11)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed sixty percent (60%) of area median income, as adjusted for family size, (e) [eleven (11)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed seventy percent (70%) of area median income, as adjusted for family size and (b) [ten (10)] of the apartment units in the Apartment Complex will be occupied by persons whose incomes do not exceed eighty percent (80%) of area median income, as adjusted for family size;

(kk) to the extent that there exist, in the reasonable determination of the Special Limited Partner, any substantial delays in the construction of the Apartment Complex, the General Partner shall provide the Special Limited Partner with a recovery schedule or updated schedule reflecting the new timeline for completion of the Apartment Complex;

(ll) during construction and upon completion of the Apartment Complex, flood insurance shall be secured for the Limited Partnership at the available sub-limits for flood coverage that exist within the General Partner's existing property casualty insurance program for the Apartment Complex, until such time as the existing property casualty insurance program does not include sub-limits for flood coverage or the General Partner elects to place property-specific coverage, unless the Apartment Complex and the land thereon is deemed to be in a special flood hazard area as defined by the Federal Emergency Management Administration wherein compliance with the flood insurance requirements included in the Insurance Guidelines (Exhibit G) will be required;

(mm) at least fifty percent (50%) of the aggregate basis of each building of the Apartment Complex and the land on which such building is or will be located, for purposes of Section 42(h)(4) of the Code, will be financed by the proceeds of tax-exempt bonds or tax-exempt notes which are issued under the volume cap limitations pursuant to Section 146 of the Code. In this regard, either (i) the bond proceeds will be disbursed and used by the Partnership to pay for such basis or land costs prior to the time the Apartment Complex is placed in service for the purposes of Section 42 of the Code and no portion of the bond proceeds will be repaid prior to the time the Apartment Complex is placed in service for the purposes of Section 42 of the Code, or (ii) the bond proceeds will be disbursed

and used by the Partnership to pay for such basis or land costs prior to the end of the first year of the Credit Period and no portion of the bond proceeds will be repaid prior to the later to occur of the time the Apartment Complex is placed in service or the time the Project has met the 50% Test without the Consent of the Special Limited Partner which it may grant or withhold in its sole discretion;

(nn) when available, the General Partner shall submit to the Special Limited Partner for its review a draft Cost Certification of the Certified Credits for the Apartment Complex prepared by the Accountants setting forth the eligible basis, the estimated amount of Tax Credits and the amount allocable to each Partner;

(oo) upon completion of the construction of the Apartment Complex, the General Partner will retain a Special Limited Partner-approved environmental consultant to perform radon testing within the newly constructed buildings and produce a Radon Report. The extent of such testing will be left to the discretion of an approved environmental consultant, but the Radon Report shall assess the post-construction radon levels that exist at the Apartment Complex;

(pp) any sign erected at the Apartment Complex setting forth the development partners and/or lenders who participated in the development of the Apartment Complex must be approved by the Special Limited Partner;

(qq) the General Partner shall provide Notice to the Special Limited Partner of the achievement of Breakeven Operations within ninety (90) days of the date of such event;

(rr) neither the General Partner nor any of the principals or Affiliates of said General Partner nor the Class A Limited Partner nor any of the principals or Affiliates of said Class A Limited Partner shall be on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury or in the Annex to United States Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism;

(ss) the General Partner and the Class A Limited Partner each represents and warrants that it is a special purpose entity, only participating in this transaction;

(tt) it shall ensure that commencement of construction of the Apartment Complex begins no later than fifteen days after the Initial Closing;

(uu) no employees shall be engaged by the Partnership;

(vv) [except for an initial requirement at Final Closing for the Tax-Exempt Project Loan,] none of the Mortgage Loans require the maintenance of a specific debt service coverage or loan-to-value ratio and the failure to maintain such debt service coverage ratio under the Tax-Exempt Project Loan is not a condition of default;

(ww) any real estate transfer taxes due to the State or any other Authority as a result of the admission of the Limited Partners to the Partnership have been paid as of

Initial Closing and to the extent not paid, such taxes will be considered an expense of the Partnership and not of any Limited Partner. In the event that any real estate transfer tax may be due as a result of any subsequent direct or indirect transfer of a membership interest in the Limited Partners, the Limited Partners shall pay such taxes;

(xx) the Apartment Complex constitutes “residential rental property” within the meaning of Section 1.103-8(b)(4) of the Treasury Regulations. Without limiting the generality of the foregoing, upon completion of the construction of the Apartment Complex, the Apartment Complex will not be used on a transient basis and will be available for use by the general public;

(yy) the General Partner has no reason to believe the principal payments on the Tax-Exempt Project Loan will not be applied within a reasonable period to redeem the Tax-Exempt Note obligations;

(zz) each dwelling unit contains separate and complete facilities for living, sleeping, eating, cooking, bathing and sanitation, including, kitchen facilities with (a) a refrigerator, (b) a sink, and (c) either a stove and/or oven.

(aaa) no separate fee will be charged to the tenants of the Apartment Complex for the use of any of the common area facilities (other than the coin-operated laundry facilities that may be leased by the Apartment Complex and used on the premises);

(bbb) all gypsum wallboard and gypsum concrete flooring used in the construction or rehabilitation of the Apartment Complex shall be domestically produced and the subcontractor responsible for installing such gypsum wallboard and gypsum concrete, together with the General Partner, shall be responsible for removal and replacement of any non-domestically produced gypsum components to the satisfaction of the Special Limited Partner;

(ccc) the General Partner has reviewed the Projections attached hereto as Exhibit I and represents and warrants that such Projections are, to the best of its knowledge, accurate and reasonable;

(ddd) the General Partner will engage the Compliance Consultant prior to the first day of the first year of the Credit Period to provide the services described in Section 8.19 and will submit all tenant income certifications, together with the supporting income verification documents, for review by the Compliance Consultant before being signed by the tenants;

(eee) the General Partner will ensure that the Management Agent uses software that is designed to track and report compliance with the Average Income Test and at no time shall the Average Income for the Apartment Complex exceed [_____] percent ([_____] %); and

(fff) if applicable, the General Partner shall ensure that the Partnership and the General Partner comply with all of the reporting requirements set forth in the Corporate Transparency Act;

(ggg) the General Partner shall ensure that the Partnership complies with the AHSC Program Requirements;

(hhh) the General Partner shall ensure completion of the scope of work required under the AHSC Grant Documents;

(iii) the Sponsor is responsible for completing all improvements whose completion is required by the AHSC Grant Documents;

(jjj) all of the representations, warranties and covenants contained herein shall survive the date of Final Closing and the funding date of each Capital Contribution made by the Investment Partner until dissolution of the Partnership. The General Partner shall indemnify and hold harmless the Investment Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection; and

(kkk) the General Partner will make all necessary deliverables to, and use commercially reasonable efforts to cause, the Partnership, together with the Housing Authority, to obtain the final HUD approval of the Faircloth-to-RAD Conversion no later than 90 days after Substantial Completion.

4.02 Duties and Obligations. The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership:

(a) the General Partner shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreement, (ii) issuance of all necessary permanent, unconditional Certificates of Occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex, (iii) Initial Closing and Final Closing and (iv) compliance with all material provisions of the Project Documents;

(b) the General Partner shall take all actions, or refrain from taking any action, to assure that the Partnership at all times during its existence is treated as a partnership for federal income tax purposes and while conducting the business of the Partnership, the General Partner shall not act in any manner without the Consent of the Special Limited Partner which it knows or should have known after due inquiry will cause the termination of the Partnership for federal income tax purposes;

(c) the Apartment Complex shall be managed upon Substantial Completion so that (i) the Apartment Complex may be depreciated as residential rental property under Section 168(c) of the Code, and (ii) the rental of all units in the Apartment Complex comply with the tenant income limitations and other restrictions under the Rent Restriction Test and as set forth in the Regulatory Agreement;

(d) the General Partner shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the development, operation and maintenance of the Apartment Complex, and the General Partner shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership;

(e) all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for the Construction Mortgage, the Mortgage, and any additional security agreements executed in connection therewith;

(f) the General Partner will execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 732, 743 and 754 of the Code, to adjust the basis of the Partnership's property upon the request of the Special Limited Partner, if, in the sole opinion of the Special Limited Partner, such election would be advantageous to the Limited Partners;

(g) the General Partner guarantees payment by the Partnership of the Development Fee pursuant to Section 5.01(a)(iii);

(h) the General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns;

(i) the General Partner shall comply and cause the Partnership to comply with the provisions of all applicable governmental and contractual obligations;

(j) the General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Low-Income Housing Tax Credits, as necessary to achieve and maintain the allocated Low-Income Housing Tax Credits to the Partnership, unless otherwise directed by the Special Limited Partner; any such elections (including elections made at the direction or with the Consent of the Special Limited Partner in its sole and absolute discretion) shall not reduce the obligations of the General Partner pursuant to Section 5.01(d);

(k) the General Partner shall be responsible for the payment of any fines or penalties imposed by the Agency or Lender pursuant to the Project Documents and any documents executed in connection with obtaining Tax Credits (other than with respect to payments of principal or interest under the Mortgage Loan) attributable to any action or inaction of it or its Affiliates;

(l) the General Partner shall immediately notify the Special Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to the Construction Loan, the Mortgage Loan or any other financial, contractual or governmental obligation of the Partnership or any General Partner, or (ii) any IRS proceeding regarding the Apartment Complex or the Partnership;

(m) the General Partner will cause the Partnership to pay on or before the date when the same would become delinquent, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rents, fines, impositions and any other charges now or hereafter levied against the Apartment Complex, whether foreseen or unforeseen, ordinary or extraordinary; and also any and all license fees or similar charges which may be imposed by any Authority with respect to the Apartment Complex for the use and occupancy of the Apartment Complex, use of walks, chutes, areas and other space beyond the lot line of the Apartment Complex and on or abutting the public sidewalks and/or highways in front or adjoining the Apartment Complex or pursuant to any applicable law for the use of any furnaces, compactors, incinerators, parking areas or for other matters covered by any such laws; and also any and all corporate, franchise, withholding, income, profits and gross receipts, and other taxes due by the Partnership; in each case together with any penalties and interest on any of the foregoing, and in default thereof (but nothing herein should prohibit General Partner's ability to contest in good faith the foregoing provided that the Special Limited Partner may, upon written demand, require that the General Partner provide evidence of adequate security or collateral should such contest be adversely determined against the General Partner and/or the Partnership);

(n) the General Partner will cause the Partnership to pay promptly, when and as due, all charges for utilities, whether public or private, and will not suffer or permit any construction or mechanics, laborers, material statutory or other liens to be created or to remain outstanding upon any part of the Apartment Complex, and if any such lien is created, will cause the Partnership to discharge the same of record by payment or bonding within forty-five (45) days after the filing thereof (but nothing herein should prohibit the General Partner's ability to contest in good faith the foregoing provided that the Special Limited Partner may, upon written demand, require that the General Partner provide evidence of adequate security or collateral should such contest be adversely determined against the General Partner and/or the Partnership);

(o) the General Partner shall not cause the Partnership to commit or permit waste, nor cause or permit any building or improvement upon the Land to be removed, demolished or altered in whole or in material part (including structural alterations) except as approved by the Special Limited Partner, and except for alterations to update the buildings systems or to comply with any law;

(p) in the event that at any time during the construction or rehabilitation of the Apartment Complex, (i) construction or rehabilitation is, or may be, stopped or suspended for a period of thirty (30) days, or (ii) construction or rehabilitation has or may be delayed so that in the reasonable determination of the General Partner, (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract or (B) the Projected Credits for any year during the Credit Period may not be achieved, the General Partner shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investment Partner and the Special Limited Partner;

(q) the General Partner shall maintain books, files and records including tenant leasing files in compliance with the Code, the Regulations and which will adequately document the timing, amount and availability of the Tax Credits. The General

Partner shall cause construction related files and files which document the initial qualification of apartment units for Tax Credits to be copied and stored off-site at the General Partner's principal place of business or at another location over which the General Partner has control for the Compliance Period (such files may also be stored electronically provided that the General Partner has control over such electronic files). Within five (5) days' notice from any Limited Partner, the General Partner shall afford that Limited Partner and its agents access to all such files, including files stored off-site during ordinary business hours. All such files are property of the Partnership and not of the General Partner;

(r) the General Partner shall invite the Limited Partners and, if directed to by the Special Limited Partner, any Investor, to attend any groundbreaking, ribbon-cutting or other public relations ceremony or event with respect to the Apartment Complex. The General Partner will follow the instructions of the Special Limited Partner for the purpose of identifying the appropriate representative to be invited to such ceremony or event. The General Partner shall provide the Limited Partners and, at the request of the Limited Partners, any other entity, including any Investor, with written notice (including electronic mail) of such event which notice shall be delivered by overnight courier at least three (3) weeks in advance;

(s) during construction of the Apartment Complex and for a period of up to six (6) months thereafter, and if the continued presence of such construction signage is in compliance with applicable local ordinances, if requested by the Special Limited Partner, the General Partner shall cause the Partnership to provide, erect and maintain, at the site of the Apartment Complex, a sign approved by the Special Limited Partner in all respects, which sign shall include language provided by the Special Limited Partner stating that the Investment Partner, any affiliate thereof, and/or, if directed to by the Special Limited Partner, any Investor has assisted in the financing of the Apartment Complex. The General Partner shall have the ability to review and consent to the size and location of the sign, which consent shall not be unreasonably withheld, conditioned or delayed;

(t) the General Partner shall ensure that the Apartment Complex shall at all times comply with the applicable requirements of Section 504 of the Uniform Federal Accessibility Standards, where applicable and as amended, the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted, the Fair Housing Act of 1988, as amended, the Fair Housing Act Design Manual implemented in connection therewith as now existing or hereafter amended or adopted, any other federal and state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto (collectively, "Access Laws"). The Special Limited Partner may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to the Special Limited Partner. Notwithstanding any provisions set forth herein or in any other document, the General Partner shall not alter or permit any tenant or other person to alter the Apartment Complex in any manner which would increase the General Partner's responsibilities for compliance with the Access Laws without the prior written approval of the Special Limited Partner. In connection with any such approval, the Special Limited Partner may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to the Special Limited

Partner. Following construction, the Apartment Complex will be operated in a manner that fully complies with applicable accessibility and barrier-free regulations such that if an enforcement action is brought against the Partnership, the General Partner will use any and all of its own resources to promptly correct recorded deficiencies;

(u) upon reasonable notice given by the Special Limited Partner, the General Partner shall permit the Special Limited Partner or its designee (including any potential investor seeking to purchase an equity interest, directly or indirectly, in the Investment Partner) (1) access to the Apartment Complex for a physical inspection to take place during normal business hours, (2) the opportunity to inspect, examine and, if requested, make copies of all agreements, Tax Credit compliance data and Plans and Specifications. The General Partner shall cooperate fully with all reasonable requests of the Special Limited Partner regarding any such inspection and shall, if requested, accompany the Special Limited Partner on any site inspection conducted for the purpose of marketing the Apartment Complex to any potential investor seeking to purchase an equity interest, directly or indirectly, in the Investment Partner;

(v) the General Partner shall ensure that the Construction Loan and the Tax-Exempt Project Loan are not repaid prior to the later to occur of (i) the date the proceeds of the Tax-Exempt Project Loan are fully disbursed to pay for project expenses and the 50% Test has been met or (ii) the date the Apartment Complex is placed in service;

(w) commencing with the year in which the first temporary Certificate of Occupancy for the Apartment Complex is issued, and continuing in each year thereafter, the General Partner shall promptly apply for, and diligently pursue, the Property Tax Exemption for the Apartment Complex pursuant CRT Section 214(g), or any successor statute thereto and shall obtain every four (4) years a Supplemental Clearance Certificate. The General Partner shall take all actions necessary to qualify the Apartment Complex for such Property Tax Exemption, including, without limitation, executing and filing the BOE Form 267-LI with the appropriate county assessor's office. On an annual basis, upon receipt of the Property Tax Exemption for the Apartment Complex, the General Partner shall deliver a copy thereof to the Special Limited Partner; provided that it will not be an event of default if the Property Tax Exemption does not apply to any apartment unit as a result of such unit's resident's income increasing to over 140% of area median income so long as the General Partner pays the property tax imposed on the Partnership for such unit(s);

(x) the General Partner shall ensure that deficiencies or other conditions be observed that, while not contemplated in the approved work scope (1) may potentially create a hazardous condition for residents or passers-by or (2) would lead to accelerated deterioration of a particular property component thereby increasing operating costs or (3) if left unattended, will render an originally approved work scope unusable or lead to its accelerated deterioration or functional obsolescence, will be brought to the attention of the Lender and the Special Limited Partner for discussion and possible inclusion into the approved scope of work;

(y) the General Partner shall use its best efforts in representing the Limited Partners during the course of construction of the Apartment Complex and in the administration of the Construction Contract by (i) providing adequate on-site representation

at regularly scheduled meetings and at intervals commensurate with the on-site construction activities, (ii) actively enforcing the terms of performance specified in the Construction Contract, (iii) providing the Special Limited Partner with timely notice of any issues of non-compliance by the Contractor, and (iv) acting as necessary in the interest of the Investment Partner to ensure that construction of the Apartment Complex will be completed as originally contemplated;

(z) if required by the Special Limited Partner, the General Partner shall cause the Construction Contract to be terminated immediately following (i) an assignment of the Developer's interest in the Development Agreement to another unrelated developer, (ii) the termination of the Development Agreement, or (iii) the removal of the General Partner as a general partner;

(aa) the General Partner shall cause all leases of dwelling units in the Apartment Complex to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Apartment Complex and at any time that the General Partner becomes aware of any moisture issues or mold in dwelling units or any other areas of the Apartment Complex, it shall promptly notify the Special Limited Partner of such condition;

(bb) prior to Substantial Completion, the General Partner shall supply the Special Limited Partner with the following documents on a monthly basis, or as available based on the frequency of issuance: Approved/Pending Change Order Log, Construction Schedule Update, Request for Information Log, Submittals Log, and Weekly Meeting Minutes;

(cc) the General Partner shall cause the Partnership to maintain resident security deposits in a restricted asset account, in an amount at least equal to the offsetting security deposit liability amount;

(dd) the General Partner shall ensure that the Partnership elects to begin the Credit Period in 2027;

(ee) the General Partner shall cause the Partnership to maintain the Security Plan for the duration of the Compliance Period;

(ff) the General Partner shall cause the Partnership to provide all Social Services and shall take all action necessary to cause the Partnership to pay all amounts incurred by the Partnership in connection with the provisions of such Social Services. Furthermore, the General Partner will use its best efforts to cause the Partnership to manage Social Services Expenses (including staffing) to avoid an Operating Deficit. In the event the Partnership does not have sufficient funds to pay for any Social Services that are required by the Agency or Lenders, the General Partner shall be obligated to either provide funds for such Social Services or provide for such Social Services itself. As consideration for providing Social Services for the Apartment Complex, the Partnership shall pay to the Social Services Provider or its designee, the applicable Social Services Expenses as set forth in the Social Services Agreement attached hereto as Exhibit J;

(gg) the General Partner will provide, or cause to be provided by the Social Services Provider, a services coordinator (as required by the Project Documents) for the Compliance Period, and educational, health and wellness and skill building classes for the Compliance Period if and as required in the Tax Credit and Loan applications;

(hh) the General Partner shall ensure that all “punch-list” items must be completed and fully paid for no later than sixty (60) days subsequent to Certificate(s) of Occupancy being issued for the Apartment Complex or such longer period if, in the reasonable opinion of the Special Limited Partner, such a longer period of time is necessary to complete such punch-list items and the General Partner is diligently pursuing such completion;

(ii) the General Partner shall provide the Special Limited Partner with the final Form(s) 8609 prior to their one-time filing with the IRS (which final forms shall be subject to the reasonable approval of the Special Limited Partner) and once approved, the General Partner shall ensure that the final as-filed Form(s) 8609 reflect the full amount of eligible basis as reflected on the final, audited Cost Certification; and

(jj) upon the request of the Special Limited Partner, the General Partner will take such actions and/or provide such information as are reasonably requested by the Special Limited Partner for the Apartment Complex to meet the requirements of the Average Income Test under Section 42(g)(1)(C) of the Code, including any amendments thereto or Treasury Regulations or IRS guidance provided thereunder;

(kk) upon the request of the Special Limited Partner, the General Partner will take such actions and/or provide such information as are reasonably requested by the Special Limited Partner for the Apartment Complex to meet the requirements of the Average Income Test under Section 42(g)(1)(C) of the Code, including any amendments thereto or Treasury Regulations or IRS guidance provided thereunder; in addition, if the Special Limited Partner reasonably believes that any such amendments to the Code or Treasury Regulations or IRS guidance thereunder would result in significant loss of or recapture of Tax Credits as a result of its election of the Average Income Test as the Minimum Set-Aside Test, at the direction of the Special Limited Partner and with the approval of the Agency, if required, it will use its best efforts to if prior to the issuance of IRS Forms 8609 for the Apartment Complex, change the Minimum Set-Aside Test election to the 40-60 Set-Aside Test. Notwithstanding the fact that the Partnership has elected to use the Average Income Test to satisfy the Minimum Set-Aside Test, the General Partner shall also cause the Partnership to satisfy the 40-60 Set-Aside Test unless the Consent of the Special Limited Partner is obtained to waive the requirements of this Section 4.02(__). If the IRS and/or Agency issues regulations or guidance making the simultaneous compliance with the Average Income Test and the 40-60 Set-Aside Test impossible, the Consent of the Special Limited Partner to the waiver described herein will not be unreasonably withheld or delayed. Furthermore, if at any time the Partnership or the General Partner receives a notice from the Agency that it is not in compliance with the Average Income Test or if the General Partner is aware that any Unit at or below the 60% area median income designation is out of compliance, the General Partner shall promptly notify the Special Limited Partner of such event and the Special Limited Partner must approve the proposed remedy before any actions to correct such noncompliance are taken.

The General Partner shall at no time take corrective actions for such noncompliance without the prior consent of the Special Limited Partner;

(ll) the General Partner will engage the Compliance Consultant prior to the first day of the first year of the Credit Period to provide the services described in Section 8.19 and will submit all tenant income certifications, together with the supporting income verification documents, for review by the Compliance Consultant before being signed by the tenants;

(mm) the General Partner will ensure that the Management Agent uses software that is designed to track and report compliance with the Average Income Test;

(nn) the General Partner shall ensure that the Contractor remains a State-recognized operating entity for a period of time beyond Final Completion that shall be no less than the one (1)-year warranty period following Substantial Completion;

(oo) the General Partner shall comply (and cause Contractor to comply) with the requirements of BABA and the rules and regulations enacted thereunder. The Construction Contract and the Budget shall, as applicable, take into account the requirements of BABA. Further, during the construction process, at the written request of Special Limited Partner, the General Partner shall provide (or cause to be provided by Contractor) documentation confirming the continued compliance of all materials and products with BABA;

(pp) In the event that the Special Limited Partner (or its consultant) determines any of materials do not comply with BABA requirements, the General Partner shall cause the Partnership (or Contractor, as the case may be) to immediately take corrective action to replace such non-compliant materials with materials that meet BABA standards. Should the Contractor be required to replace non-compliant materials, the cost of replacing these materials shall not exceed the price of the original materials, unless the change is in compliance with the requirements of this Agreement and the Construction Contract;

(qq) If the Partnership (or the Contractor, as the case may be) is unable to procure compliant materials in a timely manner, which results in delays to the development of the Apartment Complex, the General Partner shall immediately notify the Special Limited Partners thereof in writing. The notification must include an explanation of the cause of the delay, the estimated impact on the Apartment Complex construction schedule, and a proposed corrective action plan. In any event, the Apartment Complex shall still be completed on or before the Completion Date set forth in the Construction Contract; and

(rr) The General Partner shall obtain confirmation from the Agency prior to the Second Capital Contribution that the Agency has approved the selection of the Average Income Test as the Minimum Set-Aside Test for the Apartment Complex.

ARTICLE V

PARTNERS, PARTNERSHIP INTERESTS AND OBLIGATIONS OF THE PARTNERSHIP

5.01 Partners, Capital Contributions and Partnership Interests.

(a) (i) The General Partner, its principal office and place of business, its Capital Contribution and its Percentage Interest are as follows:

NCRC AG4 MGP LLC	[\$3,998,988]	0.005%
9692 Haven Avenue, Suite 100		
Rancho Cucamonga, CA 91730		

The General Partner Capital Contribution shall be contributed as follows: (i) [\$1,999,494] in accordance with Section 5.01(c)(ii) and (ii) [\$1,999,494] in accordance with Section 5.01(c)(iii).

(ii) The Class A Limited Partner, its principal office and place of business, its Capital Contribution and its Percentage Interest are as follows:

Waterman Affordable 4 LLC	\$50	0.005%
715 East Brier Drive		
San Bernardino, CA 92408		

(iii) To the extent not previously or separately transferred and assigned, to the Partnership by separate agreement, the General Partner and Class A Limited Partner hereby transfer and assign to the Partnership all of its right, title and interest in and to the Apartment Complex, including the following:

(A) all contracts with architects, contractors and supervising architects with respect to the development of the Apartment Complex;

(B) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits;

(C) any and all commitments with respect to the Mortgage Loan and the Tax Credits;

(D) any and all rights under and pursuant to the Project Documents; and

(E) any other work product related to the Apartment Complex.

For purposes of this Agreement, no specific value will be ascribed to the rights assigned pursuant to this subparagraph (a)(ii).

(iv) In the event that the Partnership has not paid all or part of the Development Fee when the final payment is due pursuant to the Development Agreement, the General Partner shall contribute to the Partnership an amount equal to any such remaining balance (the “General Partner’s Special Capital Contribution”) and the Partnership shall thereupon make a payment in an equal amount to pay off the balance of the Development Fee.

(b) (i) The Special Limited Partner, its principal office and place of business, its Capital Contribution and its Percentage Interest are as follows:

Hudson SLP LLC	\$100	0.01%
630 Fifth Avenue	as more specifically set	
28th Floor	forth in paragraph (c)	
New York, New York 10111	immediately below	

(ii) The Investment Partner, its principal office and place of business, its Capital Contribution and Percentage Interest are as follows:

Hudson Arrowhead LP	[\$27,504,283]	99.98%
630 Fifth Avenue	as more specifically set	
28th Floor	forth in paragraph (c)	
New York, New York 10111	immediately below	

(c) Subject to the provisions of this Agreement, including without limitation the provisions of Sections 5.01(d) and 5.03, the Limited Partners shall be obligated to make Capital Contributions to the Partnership in installments as follows:

(i) Initial Capital Contribution. The Special Limited Partner shall make a Capital Contribution equal to [Eight Million Five Hundred Twenty-Six Thousand Three Hundred Twenty-Eight Dollars (\$8,526,328)] which shall be contributed to the Partnership as follows, (A) [\$2,750,428] (“Initial Capital Contribution I”) shall be contributed to the Partnership upon the admission of the Investment Partner and the Special Limited Partner to the Partnership, (B) [\$2,750,428] shall be contributed to the Partnership in accordance with Section 5.01(c)(ii) (“Initial Capital Contribution II”), and (C) [\$3,025,471] shall be contributed to the Partnership in accordance with Section 5.01(c)(iii) (“Initial Capital Contribution III”). The Initial Capital Contribution shall be used to pay amounts set forth in the Development Budget (but not the Development Fee).

(ii) Initial Capital Contribution II. After the occurrence of Initial Capital Contribution I and the satisfaction of all items contained on the Post-Closing Due Diligence Checklist to the satisfaction of the Special Limited Partner, the Investment Partner shall make Initial Capital Contribution II on an as needed basis upon the later to occur of (A) [July 31, 2026], (B) the date on which the Architect certifies to the Partnership (which certification is subject to the review and approval of the Special Limited Partner) that construction of the Apartment Complex is fifty percent (50%) complete, (C) receipt by the Special Limited Partner of a foundation survey satisfactory to the Special Limited Partner dated no more than thirty (30) days prior to the date of funding, (D) evidence satisfactory to the Special Limited Partner that the Faircloth-to-RAD Conversion

Conditional Approval remains in full force and effect with no default having occurred thereunder, (E) evidence satisfactory to the Special Limited Partner that the General Partner has made a Capital Contribution to the Partnership equal to [\$1,999,494] (“General Partner Capital Contribution I”), (F) the title insurance company shall have issued the following endorsements to the Partnership’s title policy: (1) a current “date-down” endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be reasonably acceptable to the Special Limited Partner, (2) an endorsement affording construction and mechanics lien coverage, and (3) such other endorsements as the Special Limited Partner may reasonably require, (G) the Permanent Tax-Exempt Loan Commitment shall be in full force and effect with no default having occurred thereunder as of the date of the making of the Initial Capital Contribution II and (H) the receipt by the Special Limited Partner of a certificate from the General Partner that the representations, warranties and covenants in Sections 4.01 and 4.02 and the Certification and Agreement are true and accurate in all material respects as of the date of the proposed Initial Capital Contribution II, and that the General Partner and the Partnership are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Initial Capital Contribution II (a copy of an acceptable form of such certification is attached hereto as Exhibit J).

(iii) Initial Capital Contribution III. After the occurrence of Initial Capital Contribution II, the Investment Partner shall make Initial Capital Contribution III on an as needed basis upon the later to occur of (A) [January 5, 2027], (B) the date on which the Architect certifies to the Partnership (which certification is subject to the review and approval of the Special Limited Partner) that construction of the Apartment Complex is seventy-five percent (75%) complete, (C) evidence satisfactory to the Special Limited Partner that the Faircloth-to-RAD Conversion Conditional Approval remains in full force and effect with no default having occurred thereunder, (D) evidence satisfactory to the Special Limited Partner that the General Partner has made a Capital Contribution to the Partnership equal to [\$1,999,494] (“General Partner Capital Contribution II”), (E) the title insurance company shall have issued the following endorsements to the Partnership’s title policy: (1) a current “date-down” endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be reasonably acceptable to the Special Limited Partner, (2) an endorsement affording construction and mechanics lien coverage, and (3) such other endorsements as the Special Limited Partner may reasonably require, (F) the Permanent Tax-Exempt Loan Commitment shall be in full force and effect with no default having occurred thereunder as of the date of the making of the Initial Capital Contribution III and (G) the receipt by the Special Limited Partner of a certificate from the General Partner that the representations, warranties and covenants in Sections 4.01 and 4.02 and the Certification and Agreement are true and accurate in all material respects as of the date of the proposed Initial Capital Contribution II, and that the General Partner and the Partnership are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Initial Capital Contribution III (a copy of an acceptable form of such certification is attached hereto as Exhibit J).

(iv) Second Capital Contribution. After the occurrence of the Initial Capital Contribution (and the satisfaction of all conditions for such funding), upon the later of (1) [May 31, 2027], and (2) the review and approval by the Special Limited Partner of the items described below, the Investment Partner shall make the Second Capital Contribution:

(A) General Partner's Certificate. The Special Limited Partner shall have (i) received a certificate from the General Partner that the representations, warranties and covenants in Sections 4.01 and 4.02 and the Certification and Agreement are true and accurate in all material respects as of the date of the proposed Second Capital Contribution, and that the General Partner and the Partnership are not in default of any of their obligations hereunder (including those reporting obligations as set forth in Section 12.04) and under the Project Documents, as of the date of the proposed Second Capital Contribution (a copy of an acceptable form of such certification is attached hereto as Exhibit L), (ii) determined that there has been no material adverse change to the facts disclosed by the due diligence it conducted with respect to the General Partner and Guarantor prior to its admission to the Partnership, including, but not limited to, the determination that all sources of funding remain In-Balance and (iii) the Unit Designations remain unchanged from those set forth in Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner).

(B) Title Policy. The title insurance company shall have issued the following endorsements to the Partnership's title policy: (1) a current "date-down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be reasonably acceptable to the Special Limited Partner; (2) an endorsement affording construction and mechanics lien coverage; and (3) such other endorsements as the Special Limited Partner may reasonably require.

(C) Permits and Licenses. The Special Limited Partner shall have received a copy of any permits and licenses which are required for the operation and use of the Apartment Complex, issued by the appropriate Authorities for the Apartment Complex in its entirety.

(D) Environmental Matters. The Special Limited Partner shall have received a report in form satisfactory to the Special Limited Partner showing that any Hazardous Materials (as defined in Section 4.01(t)) or other environmental matters either disclosed in the phase I (or phase II, if applicable) environmental assessment reports or discovered during the course of construction which were to be eliminated, controlled or abated, including without limitation, asbestos contamination and lead-based paint, have been properly dealt with in accordance with all Environmental Laws (as defined in Section 4.01(t)) and collect closure documentation for the exported material from the site as construction period sampling requires, as determined by the Special Limited Partner's construction consultant.

(E) Contractor's Pay-Off Letter. The Partnership shall have received a letter from the Contractor (the "Contractor's Pay-off Letter"), a form of which is attached hereto as Exhibit O, which shall include the following: (1) a statement of the amounts paid under the Construction Contract as evidenced by accompanying unconditional lien waivers from the Contractor and subcontractors; (2) a statement of the outstanding balance, including punch-list and retention on the Construction Contract, and including all pending change orders (as evidenced by an accompanying pending change order log) and all amounts owed to all subcontractors and suppliers for the Apartment Complex is [[\$X,XXX,XXX]]; (3) a statement that there are no further additional change orders; and (4) the inclusion of conditional lien waivers from the Contractor and subcontractors for all amounts less retainage, punch-list items, and/or other amounts (it being understood that in the event the items set forth in clauses (1), (2), and (3) cannot be obtained due to a dispute with the Contractor and such dispute involves not more than ten percent (10%) of the Construction Contract, then the General Partner shall have certified to the Limited Partners that a bona fide dispute exists with the Contractor regarding the amount of money to be paid to the Contractor and that the Partnership has reserved sufficient funds to pay the amount the General Partner and Special Limited Partner believe, in good faith, to be owed to the Contractor (it being understood that the General Partner's obligation under Section 8.08(a) shall not be affected in any manner as a result).

(F) Income Tax Documents. The General Partner shall have provided each Limited Partner with such financial information with respect to the prior fiscal year of the Partnership as shall be reportable for federal and state income tax purposes (including Form K-1) if such tax documents are otherwise due to be delivered pursuant to Section 12.04(a)(ii).

(G) Operating Budgets. The General Partner shall have delivered and the Special Limited Partner shall have approved the operating and capital budgets as shall be required pursuant to Section 8.17.

(H) As-Built Survey. Receipt by the Special Limited Partner of an updated and recertified as-built ALTA survey satisfactory to the Special Limited Partner dated no more than thirty (30) days prior to the date of funding.

(I) Initial Closing Binder. A closing binder containing signed copies of all loan documents executed in connection with Initial Closing.

(J) Certificates of Occupancy. Receipt by the Special Limited Partner of evidence satisfactory to the Special Limited Partner that permanent Certificates of Occupancy for one hundred percent (100%) of the apartment units in the Apartment Complex have been issued.

(K) Property Tax Exemption. Proof, satisfactory to the Special Limited Partner, that the Property Tax Exemption is in full force and effect and that no real estate taxes are due to any Authority (which may be evidenced by receipt of a Supplemental Clearance Certificate).

(L) Substantial Completion. Substantial Completion of the Apartment Complex shall have occurred and the receipt of a certification from the geotechnical engineer retained for periodic inspection of site preparation activities that all recommendations made by the said geotechnical engineer were properly implemented.

(M) Insurance. Review and approval of insurance certificates in accordance with the Insurance Guidelines naming entities as additional insured or loss payee as applicable and consistent with those entities carried on the construction period insurance together with a copy of each insurance policy declaration page, forms listing, and receipt evidencing payment of premium.

(N) Closeout Binder. A construction closeout binder, which shall include, but not be limited to, as-built drawings and specifications, all operating manuals, unconditional major subcontractor Final Waivers of Lien, Consent of Surety (if applicable) and all manufacturing warranty agreements. In addition, evidence of the Contractor's one-year warranty on all parts, materials and work quality shall be provided.

(O) Draft 50% Test. Receipt by the Special Limited Partner of evidence, as certified to by the Accountants, that the Apartment Complex has met the 50% Test based on preliminary evidence and a draft certification from the Accountants.

(P) Draft Cost Certification. Receipt and approval by the Special Limited Partner of a draft audited Cost Certification of the Certified Credits for the Apartment Complex prepared by the Accountants setting forth the eligible basis, the estimated amount of Tax Credits and the amount allocable to each Partner and submission of the application for Forms 8609 to the Agency.

(Q) As-Built Plans and Specifications. The General Partner shall have submitted to the Special Limited Partner a written document executed by the General Partner, the Architect and the Contractor certifying that the Apartment Complex has been completed in a good and workmanlike manner, with no apparent material defects (other than as set forth on a "punch list" approved by the Special Limited Partner) and with no material changes to the approved "for-construction" Plans and Specifications, except as may have been approved by the Special Limited Partner together with a copy of such as-built Plans and Specifications.

(R) Social Services Agreement. Receipt by the Special Limited Partner of the fully executed Social Services Agreement.

(S) RAD Commitment to Enter into HAP Contract. Receipt by the Special Limited Partner of the CHAP at no less than the Approved Contract Rent Levels.

(T) RAD Conversion Commitment. Receipt by the Special Limited Partner of the RCC.

(U) Faircloth-to-RAD Conversion Conditional Approval. The Faircloth-to-RAD Conversion Conditional Approval remains in full force and effect with no default having occurred thereunder as of the date of the making of the Second Capital Contribution, and the Special Limited Partner shall have determined that there is a reasonable basis to conclude that the Faircloth-to-RAD Conversion can occur.

(V) Estoppel Certificates. The General Partner shall obtain an estoppel certificate from the Lenders or any trustee or servicer of the Loans, or other evidence that there are no defaults or events which with notice or the passage of time or both, would constitute a default under the documents evidencing and securing the Loans. The General Partner shall provide all information reasonably requested by the Lender in order for the Lender to produce an estoppel certificate which is reasonably satisfactory to the Special Limited Partner.

(W) Units. Confirmation that the Unit Designations remain unchanged from those set forth on Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner.

(X) Agency Confirmation of Average Income Test. Confirmation that the Agency has approved the selection of the Average Income Test as the Minimum Set-Aside Test for the Apartment Complex.

(Y) Mortgage Loan Commitment. The Permanent Tax-Exempt Loan Commitment shall be in full force and effect with no default having occurred thereunder as of the date of the making of the Second Capital Contribution.

The amount of the Second Capital Contribution shall be [Two Million Seven Hundred Fifty Thousand Four Hundred Twenty-Eight Dollars (\$2,750,428)]. An amount equal to [\$167,481] contributed as the Second Capital Contribution shall be applied to pay down the Tax-Exempt Project Loan to the Permanent Tax-Exempt Loan Amount as required under the Loan Documents, and the remaining portion of the Second Capital Contribution shall be used thereafter to pay amounts set forth in the Development Budget. All amounts required for the partial repayment of the Tax-Exempt Project Loan shall be disbursed directly to Capital One to be used for such purpose.

(v) Third Capital Contribution. After satisfaction of all of the conditions set forth below and the occurrence of the Second Capital Contribution (and the satisfaction of all conditions for such funding), upon the later of (1) [January 5, 2028], and (2) review and approval by the Special Limited Partner of the items described below, the Investment Partner shall make the Third Capital Contribution:

(A) General Partner's Certificate. The Special Limited Partner shall have (i) received a certificate from the General Partner that the representations, warranties and covenants in Sections 4.01 and 4.02 and the Certification and Agreement are true and accurate in all material respects as of the date of the proposed Third Capital Contribution, and that the General Partner and the Partnership are not in default of any of their obligations hereunder (including

those reporting obligations as set forth in Section 12.04) and under the Project Documents, as of the date of the proposed Third Capital Contribution (a copy of an acceptable form of such certification is attached hereto as Exhibit L), (ii) determined that there has been no material adverse change to the facts disclosed by the due diligence it conducted with respect to the General Partner and Guarantor prior to its admission to the Partnership, including, but not limited to, the determination that all sources of funding remain In-Balance and (iii) the Unit Designations remain unchanged from those set forth in Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner).

(B) Title Policy. The title insurance company shall have issued the following endorsements to the Partnership's title policy: (1) a current "date-down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be reasonably acceptable to the Special Limited Partner; (2) an endorsement affording construction and mechanics lien coverage; and (3) such other endorsements as the Special Limited Partner may reasonably require.

(C) Final Completion - Final Closing. Final Completion and Final Closing have occurred.

(D) Final Cost Certification. Receipt and approval by the Special Limited Partner of an audited Cost Certification of the Certified Credits for the Apartment Complex prepared by the Accountants setting forth the eligible basis, the estimated amount of Tax Credits and the amount allocable to each Partner and submission of the application for Forms 8609 to the Agency.

(E) Final 50% Test. Receipt by the Special Limited Partner of evidence, as certified to by the Accountants, that the Apartment Complex has met the 50% Test.

(F) Estoppel Certificates. Receipt by the Special Limited Partner of an estoppel certificate from the Lender or any trustee or servicer of the Construction Loan, as the Special Limited Partner deems reasonably appropriate, or other evidence satisfactory to the Special Limited Partner that there are no defaults or events which, with notice or the passage of time or both, would constitute a default under the documents evidencing and securing the Mortgage Loan and evidence satisfactory to the Special Limited Partner that the Construction Loan (final endorsement has occurred) has been fully paid.

(G) Property Tax Exemption. Proof, satisfactory to the Special Limited Partner, that the Property Tax Exemption is in full force and effect and that no real estate taxes are due to any Authority (which may be evidenced by receipt of a Supplemental Clearance Certificate).

(H) Legal Opinion. The Limited Partner shall have received a Statement of No Change from the legal opinion received at the Initial Closing.

(I) Breakeven Operations. The last day of the month following the month in which Breakeven Operations occurs as evidenced by a certification from the General Partner as attested to by the Accountants.

(J) Punch-List Items. Receipt by the Special Limited Partner of satisfactory evidence that all “punch-list” items have been completed and fully paid for.

(K) Final Closing Binder. A closing binder containing signed copies of all loan documents executed in connection with Final Closing.

(L) Rent Roll. The General Partner shall have delivered to the Investment Partner a current rent roll for the Apartment Complex certified to the Investment Partner by the General Partner and in form and substance reasonably satisfactory to the Investment Partner, together with copies of all tenant leases, if requested by the Investment Partner, which shall evidence a minimum ninety-five percent (95%) occupancy by Qualified Tenants for ninety (90) consecutive days immediately prior to funding.

(M) Initial Tenant Files. Receipt by the Special Limited Partner of copies of all initial tenant files including executed lease agreements, completed applications, completed questionnaires or checklists of income and assets, documentation of third party verification of income and assets, and income certification forms (Tax Credit specific) collected by the Management Agent, or the General Partner, verifying each tenant’s eligibility pursuant to the Minimum Set-Aside Test, the Average Income Test under Code Section 42(g)(1)(C) (including continued compliance with all final or temporary regulations promulgated with respect thereto) and other applicable guidelines under Section 42 of the Code.

(N) Income Tax Documents. The General Partner shall have provided each Limited Partner with such financial information with respect to the prior fiscal year of the Partnership as shall be reportable for federal and state income tax purposes (including Form K-1) if such tax documents are otherwise due to be delivered pursuant to Section 12.04(a)(ii).

(O) Review of Final Closing Documents. Receipt and approval by the Special Limited Partner of all draft loan documents to be executed in connection with Final Closing (if new documents are to be executed at such time).

(P) Faircloth-to-RAD Conversion. The achievement of Faircloth-to-RAD Conversion and receipt by the Special Limited Partner of (i) a true and complete copy of the signed HAP Contract with respect to the 91 ACC Conversion Units which expires not earlier than the end of the Compliance Period, provides for initial contract rents (together with tenant-paid rents) of not less than the Approved Rent Levels, and is otherwise in the standard HUD-promulgated form of Housing Assistance Payment Contract and (ii) a recorded copy of the RAD Use Agreement governing the ACC Conversion Units.

(Q) Units. Confirmation that the Unit Designations remain unchanged from those set forth on Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner.

The amount of the Third Capital Contribution shall be [Sixteen Million Seventy-Seven Thousand Five Hundred Twenty-Seven Dollars (\$16,077,527)]. The funds contributed as the Third Capital Contribution shall be applied first to pay down the Tax-Exempt Project Loan to the Permanent Tax-Exempt Loan Amount as required under the Loan Documents, and thereafter shall be used to pay amounts set forth in the Development Budget. All amounts required for the partial repayment of the Tax-Exempt Project Loan shall be disbursed directly to Capital One to be used for such purpose.

(vi) Fourth Capital Contribution. After satisfaction of all of the conditions set forth below and the occurrence of the Third Capital Contribution (and the satisfaction of all conditions for such funding), upon the later of (1) [April 1, 2028], and (2) review and approval by the Special Limited Partner of the items described below, the Investment Partner shall make the Fourth Capital Contribution:

(A) Form 8609. Receipt by the Special Limited Partner of the Form(s) 8609 for the entire Apartment Complex executed by the Agency.

(B) Income Tax Documents. Receipt by the Limited Partner of such financial information (including a tax return) with respect to the year that the Apartment Complex was placed in service as shall be reportable for Federal and state income tax purposes (including a Form K-1), provided such information is based, in part, on the Cost Certification.

(C) General Partner's Certificate. The Special Limited Partner shall have (i) received a certificate from the General Partner that the representations, warranties and covenants in Sections 4.01 and 4.02 and the Certification and Agreement are true and accurate in all material respects as of the date of the proposed Third Capital Contribution, and that the General Partner and the Partnership are not in default of any of their obligations hereunder and under the Project Documents, as of the date of the proposed Third Capital Contribution (a copy of an acceptable form of such certification is attached hereto as Exhibit L), (ii) determined that there has been no material adverse change to the facts disclosed by the due diligence it conducted with respect to the General Partner and Guarantor prior to its admission to the Partnership, including, but not limited to, the determination that all sources of funding remain In-Balance and (iii) the Unit Designations remain unchanged from those set forth in Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner).

(D) Extended Use Agreement. Receipt by the Special Limited Partner of a fully executed copy of the Extended Use Agreement.

(E) Property Tax Exemption. Receipt by the Special Limited Partner from the General Partner of proof that the Property Tax Exemption remains in full force and effect.

(F) Units. Confirmation that the Unit Designations remain unchanged from those set forth on Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner.

(G) Income Averaging Tracking Spreadsheet. Receipt by the Special Limited Partner of a spreadsheet utilized for tracking the unit designations and calculation of average income for the Apartment Complex.

(H) HAP Contract. Receipt by the Special Limited Partner of proof, to the satisfaction of the Special Limited Partner, of continued funding under the HAP Contract at least equal to the Approved Rent Levels.

(I) AHSC Grant. Receipt by the Special Limited Partner from the General Partner of proof that the Sponsor has completed all milestones requirements under the AHSC Grant Documents.

The amount of the Fourth Capital Contribution shall be [One Hundred Fifty Thousand Dollars (\$150,000)]. The Partnership shall use the Fourth Capital Contribution to pay amounts set forth in the Development Budget. If (i) the information set forth in clause (B) above and (ii) an audited financial statement for the year in which Breakeven Operations occurred have not been delivered to the Investment Partner by the time of funding of the Fourth Capital Contribution, \$25,000 of the Fourth Capital Contribution shall not be made until the Investment Partner receives such information and financial statement, together with an additional General Partner's Certificate described in Clause (C).

(vii) Special Additional Capital Contributions. If, in any fiscal year of the Partnership, a Limited Partner's Capital Account balance may be reduced to or below zero, the Limited Partner may, in its sole and absolute discretion, make a special additional Capital Contribution to the Partnership, in an amount reasonably required to avoid the reduction of the Limited Partner's Capital Account balance to or below zero ("Special Additional Capital Contribution"). If the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, such funds shall be deposited in a separate Partnership reserve account, withdrawals from which shall require the Consent of the Special Limited Partner. All interest earned on such account shall be payable to such Limited Partner, and an amount of income equal to the amount of such interest shall be specifically allocated to such Limited Partner. The Limited Partner shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, the General Partner shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Partnership, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Limited Partner at that time.

(viii) If the Investment Partner fails to pay any Capital Contributions as and when due pursuant to the terms and conditions of this Agreement, in violation of this Agreement, the General Partner shall give Notice that a default has occurred to the Investment Partner and, during any period that Bank of America, N.A. has a security

interest in the Investment Partner's Partnership Interest, to Bank of America, N.A. at 225 Franklin Street, 2nd Floor, Mail Stop MA1-225-02-04, Boston, MA 02110, Attention: Michael B. Twomey (email: michael.b.twomey@baml.com).

(ix) The initial tenant files will be reviewed by an independent third party at the Limited Partners' expense. Such compliance reviewer will certify to the Partnership and the Special Limited Partner that the Partnership has complied with the Average Income Test. In the event that the independent third party recommends corrections to an initial tenant file, the General Partner shall cause the Management Agent to correct the tenant file and provide the corrected tenant file to the Limited Partners. The Limited Partners may withhold all or any portion of a Capital Contribution payment until it has received all of the initial tenant files and the same have been reviewed, corrected and approved.

(x) If requested by the Special Limited Partner at any time, the General Partner will cause a qualified third-party firm, approved by the Special Limited Partner, to perform a tax credit compliance audit of 100% of the initial tenant files at the Apartment Complex. The cost of all such tenant file reviews will be borne by the Partnership. Notwithstanding anything to the contrary contained herein, all tenant certifications and supporting documentation (including verifications of income, assets, employment information, student status, identification information, residency application, etc.) as may be required by the Special Limited Partner shall be made available to the Special Limited Partner either on-site or via an internet-based document sharing platform selected by the General Partner. The General Partner assumes all responsibility for the election and security of documentation delivered through the internet-based document sharing platform it selects. The General Partner will provide documents or certifications containing tenant information or personal information only as follows: (i) during Year 1, all such tenant certifications as the Special Limited Partner may request, and (ii) beginning in Year 2, a sampling of all tenant certifications for then existing tenants, which sampling shall not exceed 20% of the total population of the then existing tenants. The Special Limited Partner will indemnify and hold the General Partner harmless from and against any and all losses, damages and liabilities (including reasonable attorney's fees) which the General Partner may incur by reason of the unauthorized release or disclosure of tenant files, or any portion thereof, or information included therein (including any information that could be used, either directly or indirectly, to identify any Person, whether a natural person or a legal entity), including any such release or disclosure that violates any applicable State, federal or other local laws, ordinances, regulations, or codes, by either Limited Partner or their respective Affiliates provided that such unauthorized release or disclosure is due to the fraud, gross negligence or willful misconduct by the Investment Partner, Special Limited Partner or an Affiliate thereof. The Special Limited Partner shall have no responsibility to indemnify or hold harmless the General Partner for any unauthorized release of tenant files or related items that is occasioned by or results from the internet-based document sharing platform selected by the General Partner.

(xi) Payments to Construction Lender. The Partners and the Partnership hereby authorize and direct the Investment Partner to pay and remit directly into a Construction Lender controlled account held at the Capital One for the benefit of the Partnership all Installments of the Investment Partner's Capital Contributions. To the

extent that the loan documents for the Construction Loan contemplate that these amounts be applied to the repayment of the Construction Loan on behalf of the Partnership, then the amount of any such payment will be deemed to have been contributed by the Investment Partner to the Partnership and then paid by the Partnership to the Construction Lender.

(d) Adjustments Due to Shortfall in Tax Credits.

(i) In addition to any other adjustment in Capital Contribution or payment required by this Section 5.01(d), in the event that the Actual Credit with respect to the Low-Income Housing Tax Credits for 2027 is less than [\$1,374,201] or the Actual Credit with respect to the Low-Income Housing Tax Credits for 2028 is less than [\$2,989,297] then the Capital Contribution of the Investment Partner to the Partnership shall be reduced by an amount equal to the sum of (A) (1) [\$1,374,201] minus (2) the Actual Credit with respect to the Low-Income Housing Tax Credits for 2027 plus (B) (1) [\$2,989,297] minus the Actual Credit with respect to the Low-Income Housing Tax Credits for 2028, which sum shall be multiplied by thirty-five percent (35%) (the “Timing Reduction Amount”). Any reduction in Capital Contribution caused by the Timing Reduction Amount shall be applied to reduce the Second Capital Contribution and thereafter, if necessary, to reduce the Third and Fourth Capital Contributions. If no Capital Contributions remain to be paid, or if the amount of the Timing Reduction Amount is greater than the Capital Contributions to be made, then the General Partner shall pay the Timing Reduction Amount to the Partnership within thirty (30) days after demand is made therefore and such payment shall be deemed to be a Capital Contribution by the General Partner. Upon receiving such a payment, the Partnership shall then immediately make such payment to the Investment Partner as a return of capital. Any amounts not so paid shall bear interest at the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2%), until paid in full. It is understood and agreed that the provisions of this Section 5.01(d)(i) are intended to address any reductions in or delays in the delivery of the first and/or second years of the Credit Period from the Projected Credit amounts with respect to the Low-Income Housing Tax Credits during such years where the total Projected Credits for the entire Credit Period is not affected. Thus, the adjustment under this Section 5.01(d)(i) shall only apply to Projected Credits deferred to later years, and an adjustment shall be made to the Projected Credit amounts stated above, as reasonably determined by the Special Limited Partner, to account for any variation between Certified Credits and Projected Credits taken into account under Section 5.01(d)(ii).

(ii) If the sum of the Certified Credits with respect to each year of the Credit Period (as such period is reflected in the definition of “Projected Credit”) is less than the Projected Credits with respect to the Low-Income Housing Tax Credits for such period, then the Capital Contribution of the Investment Partner to the Partnership shall be reduced to an amount so that the ratio of the aggregate Capital Contribution of the Investment Partner to the sum of the Certified Credits is [ninety-two percent (92%)] (the “Initial Reduction Amount”). Any reduction in Capital Contribution caused by the Initial Reduction Amount shall first be applied to reduce the Second Capital Contribution, and thereafter, if necessary, to reduce the Third and Fourth Capital Contributions. If no further installments of Capital Contribution remain to be paid, or if the Initial Reduction Amount is greater than the aggregate amount of the remaining installments, then the amount necessary to achieve the total Initial Reduction Amount shall be paid by the General Partner

to the Partnership promptly after the determination of the Certified Credits, and shall bear interest from such time at the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2.0%), until paid in full. Such payment shall be deemed to be a Capital Contribution by the General Partner. Upon receiving such a payment, the Property Partnership shall then immediately make such payment to the Investment Partner.

(iii) After the determination of the Certified Credits and the application, if applicable, of the adjustments resulting from the application of the Timing Reduction Amount and/or the Initial Reduction Amount, if for any reason (except (A) the sale or transfer by the Investment Partner of any portion of its Interest, and/or (B) a sale of the Apartment Complex which has been Consented to by the Special Limited Partner in its sole and absolute discretion, but only as to the Tax Credits that would have accrued after the date of such transfer), the amount of Actual Credit with respect to Low-Income Housing Tax Credits for any year is less than the Projected Credit for such year (as hereinafter defined), then the General Partner shall make a payment to the Investment Partner in an amount equal to the operational reduction amount (the “Operational Reduction Amount”). The Operational Reduction Amount for purposes hereof shall be equal to: (A) the Projected Credits with respect to Low-Income Housing Tax Credits for such year, as adjusted by the adjustments resulting from the application of the Timing Reduction Amount and/or the Initial Reduction Amount, for any given year, minus (B) the Actual Credit with respect to Low-Income Housing Tax Credits for such year. The Operational Reduction Amount shall also be increased by an amount sufficient to include: (1) if a Tax Credit Recapture Event occurs (including a Tax Credit Recapture Event occurring after a sale of the Investment Partner’s Interest or the Apartment Complex), the amount of any Tax Credits recaptured or disallowed as a result of such Tax Credit Recapture Event including any related interest and/or penalties due to the IRS; (2) an amount sufficient to pay any tax liability owed by the Limited Partners resulting from receipt of the amounts paid pursuant to this Section 5.01(d) and any legal and accounting costs incurred by the Limited Partners related thereto; (3) such other amounts including the cumulative tax effect of a decrease in loss allocated to the Limited Partners by the Partnership, the cumulative increase of taxable income allocated to the Limited Partners by the Partnership, and (4) an amount equal to the present value of future Tax Credits unable to be taken due to the circumstances set forth in this clause discounted at a rate of [four percent (4%)] to the date that such determination is made. The General Partner shall be obligated to make payment to the Partnership of an amount equal to the Operational Reduction Amount within thirty (30) days of a determination by the Special Limited Partner, as verified by the Accountants, that the Operational Reduction Amount is due and owing with respect to any such year of the Credit Period or any prior year(s) (commencing on the first day of the first year of the Credit Period), and such payment shall be deemed to be a Capital Contribution by the General Partner. Upon receiving such a payment, the Partnership shall then immediately distribute such amounts to the Investment Partner as a return of capital. Any amounts not paid upon demand shall bear interest at the Prime Rate plus two percent (2%) per annum, until paid in full and such interest shall be deemed part of the Operational Reduction Amount. An amount equal to the Operational Reduction Amount, if not paid by the General Partner or the Guarantor, shall be distributed to the Investment Partner from Net Cash Flow under Section 7.03(a) with respect to the Operational Reduction Amount due and owing with respect to any prior year(s), but such distributions shall not limit the right of the Limited Partners to remove the General Partner for failure to pay the Operational Reduction

Amount. Any amounts due and owing under this Section 5.01(d)(iii) upon the occurrence of a Capital Transaction, shall be distributed to the Investment Partner under Section 7.05. It is understood and acknowledged that the provisions of this Section 5.01(d)(iii) may be applied on more than one occasion if events giving rise to the payment of an Operational Reduction Amount occur in more than one year during the applicable Credit Period. Notwithstanding the foregoing, any Operational Reduction Amount that arises from Changes in Tax Law shall be payable to the Investment Partner, without interest, solely from Net Cash Flow under Section 7.03(a) and the proceeds from a Capital Transaction under Section 7.05.

(iv) The Partners acknowledge and agree that, if a reduction in the Capital Contributions of the Investment Partner occurs as a result of the application of this Section 5.01(d), the General Partner and the Special Limited Partner shall agree on a method of applying such reduction in Capital Contributions which shall have the least adverse impact on the Qualified Basis and the Eligible Basis, as defined in Section 42(c)(1) and 42(d) of the Code, of the Apartment Complex for purposes of Tax Credits; such method may include, if and to the extent necessary, the deferral of a portion of the Development Fee.

(v) In the event (A) on or prior to Final Closing either any taxable income is allocated to the Limited Partners, or the Limited Partners are allocated income on any reduction in any payment obligation relating to the Tax-Exempt Project Loan or (B) from any grant or discharge of indebtedness at any time, then the Second, Third and/or Fourth Capital Contributions shall be reduced by an amount equal to the then applicable maximum federal corporate tax rate then in effect multiplied by such allocated taxable income (the "Taxable Income Reduction Amount"). If no Capital Contributions remain to be paid, or if the amount of the Taxable Income Reduction Amount is greater than the Capital Contributions to be made, then the General Partner shall pay the Taxable Income Reduction Amount to the Partnership within thirty (30) days after demand is made therefore and such payment shall be deemed to be a Capital Contribution by the General Partner.

(vi) Notwithstanding anything to the contrary contained herein, if, upon the request by the General Partner of any Capital Contribution, the Investment Partner shall have a reasonable basis to believe that the amount of such Capital Contribution would have been subject to reduction if the Accountants had made a current determination or projection under any of the preceding provisions of this Section 5.01(d), the Investment Partner may so notify the General Partner and the General Partner shall thereupon engage the Accountants to make such determination or projection (unless the General Partner and Investment Partner shall mutually agree upon the adjustments to be made). The amount of the Capital Contribution in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants' subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investment Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction, if any, as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Capital Contributions or refunded as

provided in this Section 5.01(d). The due date for payment by the Investment Partner of any Capital Contribution which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

(vii) In the event that there is an Actual Credit with respect to the Low-Income Housing Tax Credits for 2027 is more than [\$1,347,201], then the Partnership shall calculate an adjustment in an amount equal to (1) the Actual Credit with respect to the Low-Income Housing Tax Credits for 2027 minus (2) [\$1,347,201] which result shall be multiplied by thirty-five percent (35%) (the “Upward Timing Adjustment Amount”). Notwithstanding anything to the contrary contained herein, the maximum amount of the Upward Adjustment shall be \$150,000, unless agreed to by the Investment Partner in its sole discretion. The Upward Timing Adjustment Amount shall be made and applied to increase the Fourth Capital Contribution. It is understood and agreed that the provisions of this Section 5.01(d)(vii) are intended to address any acceleration in the delivery of the first year of the Credit Period from the Projected Credit amounts with respect to the Low-Income Housing Tax Credits during such year where the total Projected Credits for the entire Credit Period is not affected. It is intended that the adjustments and/or payments required by this Section 5.01(d)(vii) are to compensate the General Partner for such acceleration in the receipt of Tax Credits.

(viii) Upon the occurrence of Tax Credit Allocation and the issuance of IRS Forms 8609s, if the aggregate amount of Tax Credits allocated by the Agency with respect to the Apartment Complex is greater than the aggregate of the Projected Credits (the “Upward Allocation Differential”) then, the Investment Partner shall increase its Capital Contributions by the “Upward Volume Adjustment Amount.” The Upward Volume Adjustment Amount shall be equal to the Upward Allocation Differential multiplied by [ninety-two percent (92%)]. The Upward Volume Adjustment Amount shall be made and applied to increase the Fourth Capital Contribution. The Partnership shall use the Upward Volume Adjustment Amount to pay amounts then due under the Development Agreement (but the Development Fee payable under Section 8.09 shall not be increased as a result). Notwithstanding anything to the contrary contained herein, the Upward Volume Adjustment Amount shall not exceed [\$__5% of Total Equity__] (including any Upward Timing Adjustment Amount).

(ix) In the event that the Partnership fails to make the election to be treated as a Real Property Trade or Business under Section 163(j)(7) of the Code on its 2025 tax return, then the Second and/or Third and/or Fourth Capital Contributions shall be reduced by the amount required in order for the Investment Partner to maintain the Investor IRR (the “IRR Reduction Amount”). If no Capital Contributions remain to be paid, or if the amount of the IRR Reduction Amount is greater than the Capital Contributions to be made, then the General Partner shall pay the IRR Reduction Amount to the Partnership within thirty (30) days after demand is made therefore and such payment shall be deemed to be a Capital Contribution by the General Partner.

(x) In addition to any other adjustment in Capital Contribution or payment required by this Section 5.01(d), if (1) IRS Form 8609 has not been issued with respect to the building in the Apartment Complex by the due date (after all extensions) for

filing the Partnership's federal income tax returns for the first year of the Credit Period and any year thereafter and, as a result, the Partnership does not claim any Tax Credits on its federal income tax return(s) for such year(s) (it being agreed that if the Accountants determine there is reasonable cause for such IRS Form(s) 8609 not being available at the time of filing, the Investment Partner will rely upon the Accountant's tax return position and claim any Tax Credits so reported, but the General Partner will be responsible for payment of any interest and/or penalties due to the IRS as a result thereof), or (2) the Partnership claims Federal Low Income Housing Credits on any federal income tax return filed prior to receipt of IRS Form 8609 and such Low-Income Housing Tax Credits are subsequently disallowed by the IRS, then the Capital Contribution of the Investment Partner shall be reduced by \$0.08 for each \$1.00 of Federal Tax Credits not claimed in such year and for each year thereafter until either IRS Form 8609 has been received. Any reduction in Capital Contribution caused by the delayed issuance of IRS Form 8609 shall be applied to reduce the Third and/or Fourth Capital Contribution. If no Capital Contributions remain to be paid, or if the amount of the reduction is greater than the Capital Contributions to be made, then the General Partner shall pay the excess within thirty (30) days after demand is made therefore. Upon receiving such a payment, the Partnership shall then immediately make such payment to the Investment Partner as a return of capital. Any amounts not so paid shall bear interest at the Prime Rate prevailing at the end of the preceding calendar month, plus one percent (1.00%), until paid in full.

(e) Without the Consent of all of the Partners, no additional Persons may be admitted as additional or substitute (except in accordance with Article IX) Limited Partners and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(f) The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a checking, savings and/or money market or similar account, to be established and maintained in the name of the Partnership, or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement.

(g) Except as may otherwise be provided under applicable law, no Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default. In the event that: (a) the General Partner, or any successor General Partner, shall not have substantially complied with any material provisions under this Agreement or (b) the Lender shall have declared the Partnership to be in default under the Mortgage Loan for reasons other than the Limited Partner's failure to make a Capital Contribution which failure is not a result of a default by the General Partner, or (c) foreclosure proceedings shall have been commenced against the Apartment Complex for reasons other than the Limited Partner's failure to make a Capital Contribution which failure is not a result of a default by the General Partner or an action is commenced and successfully executed to

abandon or permanently enjoin the construction of the Apartment Complex, or (d) if the Management Agent is an Affiliate of the General Partner and the Management Agent has materially violated the Management Agreement, (e) the Tax Credit Allocation is revoked by the Agency or the Agency declares a default thereunder, (f) a default has been declared under any Project Document, or (g) there is a failure to complete to the satisfaction of the Special Limited Partner any item on the Post-Closing Due Diligence Checklist by a specified date as required on such list, then the Partnership and the General Partner shall be in default of this Agreement, and the Limited Partners, at their sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership, however, the Special Limited Partner's right to act under either Section 5.05 or 8.12 is subject to any Notice and cure provision as set forth in Section 8.12(b).

All amounts so withheld by the Limited Partners under this Section 5.03 shall be promptly released to the Partnership only after the General Partner or the Partnership has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Special Limited Partner.

5.04 Intentionally Omitted.

5.05 Repurchase Obligation.

(a) If any of the following occur:

(i) the Apartment Complex does not achieve Substantial Completion by [December 31, 2027] (or such later date as may be Consented to by the Special Limited Partner);

(ii) the IRS Forms 8609 are not issued by the Agency in a timely manner so as to permit the Limited Partners to claim Tax Credits for the first year of the Credit Period, unless the Partnership has delivered all items to the Agency, including the final Cost Certification, to enable the Agency to complete IRS Forms 8609, and the General Partner is not otherwise in default hereunder;

(iii) Final Closing and Breakeven Operations have not occurred by [July 31, 2028] (unless the conversion date of the Tax-Exempt Project Loan is extended pursuant to the terms thereof), in which case this date shall be extended by an equal number of months, or such later date as may be Consented to by the Special Limited Partner), or the commitment for the Mortgage Loan, including the Permanent Tax-Exempt Loan Commitment, is canceled or substantially modified (and not replaced by a similar commitment within thirty (30) days as approved by the Special Limited Partner, in its sole and absolute discretion), or any interest rate lock-in has expired, or the Apartment Complex qualifies for a Mortgage Loan insufficient to balance the sources and uses of funds without the Consent of the Special Limited Partner;

(iv) the Partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter;

(v) the Partnership fails to execute and record an Extended Use Agreement by the close of the first year of the Credit Period unless such delay is (A) caused exclusively by the Agency and (B) timely cured in accordance with the provisions of Section 42(h)(6)(J) of the Code;

(vi) the Partnership fails to cause each Rent Restricted Unit to be occupied by Qualified Tenants and cause the Apartment Complex to achieve ninety-five percent (95%) occupancy by [February 28, 2028], unless the Tax-Exempt Project Loan's deadline is extended pursuant to the terms thereof (but in no event later than [_____, 202_]);

(vii) a determination is made as of the end of the first year of the Credit Period that less than fifty percent (50%) of the aggregate basis of each building in the Apartment Complex and the land on which such building is or will be located, for purposes of Section 42(h)(4) of the Code, will be financed by the proceeds of tax-exempt bonds or tax-exempt notes which were issued under the volume limitations pursuant to Section 146 of the Code;

(viii) an uncured event of default described in Section 5.03 shall exist for a period in excess of thirty (30) days prior to the making of the Third Capital Contribution;

(ix) a member of the General Partner fails to maintain its status as a California public benefit corporation, which is an nonprofit entity exempt from federal taxation under Code Section 501(c)(3), or such other status as is necessary under California Revenue & Taxation Code Section 214(g), or the General Partner fails to maintain the covenant set forth in Section 4.02(v) regarding the Property Tax Exemption for the Property pursuant to California Revenue & Taxation Code Section 214(g);

(x) a casualty occurs resulting in substantial destruction of more than fifty percent (50%) of the Apartment Complex, or there is a substantial destruction of less than fifty percent (50%) of the Apartment Complex and the insurance proceeds (if any) are insufficient to restore the Apartment Complex or the Apartment Complex is not so restored within eighteen (18) months following such casualty or such shorter period as is necessary to avoid a default or event of default under the Loan Documents;

(xi) the General Partner shall have failed to make the Capital Contribution required upon removal under Section 8.12(c)(ii);

(xii) a default shall have been declared by the HCD under the AHSC Housing Loan documents solely due to a default under the AHSC Grant Documents and foreclosure proceedings have commenced; or

(b) Faircloth-to-RAD Conversion does not occur by [August 31, 2027] (or such later date as may be Consented to by the Special Limited Partner);

then the Special Limited Partner shall, at its sole discretion, have the right to (A) remove either or both the General Partner and the Class A Limited Partner pursuant to Section 8.12; (B) be admitted or cause its designee to be admitted as General Partner with the rights and obligations set forth in Section 8.01(b), whereupon the Special Limited Partner or its designee shall hold a

Percentage Interest as a General Partner of 0.004% and the General Partner shall hold a Percentage Interest as a General Partner equal to 0.001%; (C) determine to subject each action, determination and decision of the General Partner to the Consent of the Special Limited Partner and to reserve to itself alone the right, without any notice to or Consent of the General Partner, to exercise each power and authority ascribed to the General Partner herein, and such determination shall ipso facto be effective and operative without any notice to or Consent by the General Partner (but the Special Limited Partner shall give Notice of such determination to the General Partner at a reasonable time after such determination has been made but not as a condition thereto), it being acknowledged by the General Partner that the Special Limited Partner shall not by reason of such determination have any liability for the performance of the obligations of the General Partner in this Section or Section 8.08 or have any fiduciary or other duty to the General Partner; and/or (D) cause the General Partner to repurchase the Interests of the Limited Partners hereunder and return to the Limited Partners its/their Capital Contributions in the event the Special Limited Partner requires such repurchase. The exercise of the Special Limited Partner's rights under clause (B) to be admitted or cause its designee to be admitted as the General Partner shall not preclude (1) its rights to remove the General Partner at a later date, pursuant to Section 8.12, or (2) its rights to cause the General Partner to repurchase such Interests pursuant to clause (D) above; provided, however, that under such circumstances the Special Limited Partner shall exercise its right to cause a repurchase not later than one hundred eighty (180) days after its (or its designee's) admission as General Partner. In the event that the Special Limited Partner elects to require the General Partner to repurchase such Interests, the General Partner, promptly after receiving Notice by the Special Limited Partner of such election, shall acquire the entire Interest of the Limited Partners in the Partnership by making payment to the Limited Partners, in cash, of an amount equal to the sum of (1) one hundred four percent (104%) of the Gross Capital Contribution, (2) any taxes (including, without limitation, transfer taxes including such transfer taxes which would be due in connection with any transfer of Interests made in connection with this Section 5.05) due as a result of the repurchase and interest on such amount which shall bear interest from the time that such Capital Contributions were made at the Prime Rate prevailing at the end of the preceding calendar month, plus one percent (1.0%), and (3) any outstanding amounts owed to the Special Limited Partner and the Investment Partner pursuant to this Agreement including any federal income tax liability incurred by the Limited Partners as a result of the payment of amounts pursuant to this clause as well as any transfer taxes which would be due in connection with any transfer of Interests made in connection with this Section 5.05 less the amount of the Gross Capital Contribution that has not theretofore been paid-in to the Partnership less Tax Credits taken by the Limited Partner(s) and not subject to recapture.

(c) Upon receipt by the Limited Partners of any such repayment of their Capital Contributions, the Interest of the Limited Partners and their obligations under this Agreement shall terminate, and, to the extent that the Limited Partners have acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the Limited Partners from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the Limited Partners (as a result of their respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Partnership's fiscal year, any Partner who has made a Special Additional Capital Contribution pursuant to Section 5.01(c)(iv) shall receive an amount equal to the annual interest earned by the Partnership, if any, on such Special Additional Capital Contributions. Provided that the General Partner is not required to assume any additional burdens outside the normal course of business, the

Partnership shall invest any amounts contributed pursuant to Section 5.01(c)(iv) as reasonably directed by the contributing Partner. Any guaranteed payment due to a Partner shall be deemed an expense of the Partnership for purposes of determining Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear interest as set forth above.

ARTICLE VI

CAPITAL ACCOUNTS

6.01 Capital Accounts. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the Profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all Net Cash Flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any Capital Transaction distributed to such Partner, and such Partner's distributive share of the Losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. §1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

ARTICLE VII

ALLOCATIONS AND DISTRIBUTIONS

7.01 Determination of Profits, Losses and Credits. "Profits" and "Losses" means, for each fiscal year of the Partnership, an amount equal to the Partnership's taxable income or loss for such period from all sources, determined in accordance with Section 703(a) of the Code, using the accrual method of accounting, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either Section 705(a)(2)(B) of the Code or the Regulations promulgated under Section 704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership property is revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership property shall be taken into account as gain or loss from the disposition of such Partnership property for purposes of computing Profits and Losses; (d) gain or loss resulting from any disposition of Partnership property which has been revalued pursuant to Section 1.704-1(b)(2)(iv)(f) of the Regulations, and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Partnership property, notwithstanding that the adjusted tax basis of such Partnership property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into

account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership property which has been revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Section 7.07 shall not be taken into account in computing Profits and Losses.

7.02 Allocation of Profits, Losses and Credits.

(a) All Profits, Losses and Tax Credits, except those gains and losses referred to in Section 7.04, 7.06 and 7.07, shall be allocated to the Partners in accordance with their Percentage Interests.

(b) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute partner, the share of all Profits and Losses, all Net Cash Flow, and all cash proceeds distributable under Section 7.05 which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751 (a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the General Partner makes any Operating Deficit Loans pursuant to Section 8.08(b) or any other loan to fund an Operating Deficit, any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to the General Partner. In addition, an allocation of income equal to the repayment of an Operating Deficit Loan and any income generated by the forgiveness or cancellation of any such loans shall be specially allocated to the General Partner (including as a result of the operation of Section 8.12(c)(ii)) in any taxable year in which the repayment occurs and/or the income is generated by the forgiveness of such loan.

(h) To the fullest extent consistent with Section 704(b) of the Code; (i) depreciation or other cost recovery deductions with respect to the Apartment Complex shall be allocated 99.98% to the Investment Partner and (ii) any recapture of Tax Credits shall be allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation or cost recovery deductions and Tax Credits associated therewith.

(i) In any year in which the General Partner receives a preferred return pursuant to Section 7.03(a), the General Partner shall be allocated an amount of gross income of the Partnership prior to allocation of Profit and Losses pursuant to Section 7.02(a) in an amount equal to the preferred return.

(j) Any taxable income realized by the Partnership as a result of any grant, interest income on any tax-exempt bond or tax-exempt note proceeds held in escrow prior to Final Closing or discharge of indebtedness shall be allocated one hundred percent (100%) to the General Partner. Any investment earnings or interest income realized by the Partnership prior to Final Closing shall be allocated to the General Partner.

7.03 Distributions of Net Cash Flow.

(a) Subject to the approval of the Lender, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(A) first, in the event that any Operational Reduction Amount is due and owing pursuant to Section 5.01(d)(iii) (including any Operational Reduction Amount resulting from a Change in Tax Law) or the General Partner has not made any required payment in violation of any other provisions of Section 5.01(d), an amount equal to the payment due and owing under such Section 5.01(d) shall be distributed to the Investment Partner in satisfaction of such obligation;

(B) next, the Asset Management Fee in an amount equal to up to \$7,500 (increased annually by 3% per annum) then due shall be distributed to the Special Limited Partner (to the extent such payment is permitted under any Project Documents) and in accordance with Section 12.04(k);

(C) then, an amount equal to the payment necessary to maintain the Operating Reserve Minimum in accordance with Section 8.08(b);

(D) next, any remaining amount first to the payment of amounts due with respect to any Operating Deficit Loan(s) or Development Deficit Loan(s)

until such Operating Deficit Loan(s) and/or Development Deficit Loan(s) are repaid;

(E) next, to the payment of the Partnership Management Fee up to \$30,000, increasing at 3% per annum;

(F) next, to the payment of the Deferred Development Fee;

(G) next, any accrued management fee to the Management Agent pursuant to Section 8.13;

(H) next, of the balance remaining: [____%] to payment of the AHSC Housing Loan;

(I) then, any remaining amount up to an amount equal to ninety percent (90%) of Net Cash Flow to the General Partner as a preferred return with an equivalent gross income allocation; and

(J) and any remaining amount to the Partners pro-rata in accordance with their respective Interests.

Provided, however, that the aggregate amount distributable to the Limited Partners for any period pursuant to Section 7.03(a)(J) cannot be less than 10% of the aggregate amount distributed for such period pursuant to Section 7.03(a)(I) and (J), and distributions pursuant to Section 7.03(a)(J) shall be adjusted accordingly.

Unless otherwise Consented to by the Special Limited Partner and as provided above with respect to the General Partner's Special Capital Contribution, if any, no Net Cash Flow shall be paid to the General Partner as a return of equity contributed to the Partnership.

Net Interim Income shall not be distributed during such period except to reimburse the General Partner for the payment of any Excess Development Costs. At the time of funding of the Second Capital Contribution, any Net Interim Income shall be used first to pay the Limited Partners any amounts owed under this Agreement, then to pay down any remaining deferred Development Fee and then distributed as Net Cash Flow as provided in Section 7.03(a).

(b) The Partnership shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Lender, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 7.03(a).

7.04 Allocation of Gains and Losses. Gains and losses recognized by the Partnership upon a Capital Transaction, including the sale, exchange or other disposition of all or substantially all of the property owned by the Partnership shall be allocated in the following manner:

(a) Gains shall be allocated (i) first, to the Partners with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Capital Accounts in the Partnership; provided, that no gain shall be allocated under this Section 7.04(a)(i) to a Partner once such Partner's Capital

Account is brought to zero; and (ii) second, gain in excess of the amount allocated under (i) shall be allocated to the Partners in the amount and to the extent necessary to increase the Partners' respective Capital Accounts so that the proceeds distributed under Section 7.05(d) will be distributed in accordance with the Partners' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Partners' Capital Accounts; and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss under Section 752 of the Code and the Treasury Regulations thereunder or, if none, to the Partners in accordance with their Partnership Interests.

(c) Any portion of the gains treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to the Recapture Amount had been previously allocated.

7.05 Distribution of Proceeds from Capital Transactions. Except as may be required under Section 11.02(b), the proceeds resulting from the liquidation of the Partnership assets pursuant to Section 11.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including amounts due pursuant to the Mortgage Loan and all expenses of the Partnership incident to any such sale or refinancing), excluding (1) debts and liabilities of the Partnership to Partners or any Affiliates, (2) all unpaid fees owing to the General Partner under this Agreement, and (3) any amounts due under the Development Agreement;

(b) to the setting up of any reserves which the Liquidator (or the General Partner if the distribution is not pursuant to the liquidation of the Partnership) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) to the payment of any debts and liabilities (including unpaid fees) owed to the Partners or any Affiliates by the Partnership for Partnership obligations, provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Limited Partners, an amount equal to any amounts owed under this Agreement including, without limitation, first, any deferred Asset Management Fee, then any amounts owed to a Limited Partner as a result of any Operational Reduction Amount resulting from a Change in Tax Law, then any Partner Loan made under Section 8.16, amounts owed under Section 5.01(d) and exit taxes owed which result from the exercising of any option or right of first refusal under Section 8.02; (ii) amounts due under the Development Agreement; (iii) amounts due with respect to Operating Deficit Loans or Development Deficit Loans; (iv) amounts due under the Partnership Management Fee Agreement; and (v) any other such debts and liabilities; and

(d) the balance of such remaining sum to the Partners, eighty-nine and nine hundred ninety-five thousandths percent (89.995%) thereof to the General Partner, five thousandths percent (0.005%) thereof to the Class A Limited Partner, ten percent (10%) thereof in the aggregate to the Limited Partners, pro rata in accordance with their respective Interests.

Provided, however, that the aggregate amount distributable to the Limited Partners for any period pursuant to Section 7.05(d) cannot be less than 10% of the aggregate amount distributed for such period pursuant to Sections 7.05(c) and 7.05(d), and distributions pursuant to Section 7.05(d) shall be adjusted accordingly.

7.06 Variation of Allocations to Preserve and Protect Partners' Intent.

(a) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article VII to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article VII, the General Partner hereby is authorized and directed to allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article VII to the extent that allocating income, gain, loss, deduction or credit (or item thereof) in the manner provided for in Article VII would cause the determinations and allocations of each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) not to be permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 7.06 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article VII and no amendment of this Agreement or approval of any Partner shall be required.

(b) In making any allocation (the "new allocation") under Section 7.06(a), the General Partner is authorized to act only after having been advised by the Accountants that, under Section 704(b) of the Code and the Treasury Regulations thereunder, (i) the new allocation is necessary, and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in this Article VII necessary in order to assure that, either in the then current year or in any preceding year, each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) is determined and allocated in accordance with this Article VII to the fullest extent permitted by Section 704(b) of the Code and the Treasury Regulations thereunder.

(c) If the General Partner is required by Section 7.06(a) to make any new allocation in a manner less favorable to the Limited Partners than is otherwise provided for in this Article VII, then the General Partner is authorized and directed, only after having been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Limited Partners as nearly as possible to the allocations thereof otherwise contemplated by this Article VII.

(d) New allocations made by the General Partner under Section 7.06(a) and Section 7.06(c) in reliance upon the advice of the Accountants shall be deemed to be made pursuant to the fiduciary obligation of the General Partner to the Partnership and the Limited Partners, and no such allocation shall give rise to any claim or cause of action by the Limited Partner.

7.07 Regulatory Allocations.

(a) Notwithstanding any other provision of this Agreement, no allocation of loss or deduction (or item thereof) attributable to any nonrecourse debt of the Partnership shall be made by the Partnership to a Partner if such allocation would cause the sum of the deficit capital account balances of the Partner or Partners otherwise receiving such allocation (excluding the portion of such deficit balances that must be restored to the Partnership upon liquidation, if any) to exceed the Partners' share of "Minimum Gain" (as defined in Treas. Reg. §1.704-1(b)(4)(iv)(f) and determined at the end of the Partnership taxable year to which the allocation relates).

(b) If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year, before any other allocation of Partnership items for such taxable year. A Partner shall not be subject to this mandatory allocation of income or gain to the extent that any of the exceptions provided in Treasury Regulation §1.704-2(f)(2)-(5) applies. All allocations pursuant to this Section 7.07(b) shall be in accordance with Treasury Regulation §1.704-2(f). This provision is a "minimum gain chargeback" within the meaning of Treasury Regulation §1.704-2(f) and shall be construed as such.

(c) In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treas. Reg. §§1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate (to the extent required by the Regulations under Code Section 704(b)) the deficit balance in each such Partner's Capital Account as quickly as possible, provided that an allocation pursuant to this Section 7.07(c) shall be made if and only to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Article VII have been tentatively made as if this Section 7.07(c) were not in the Agreement. This provision is a "qualified income offset" within the meaning of Treasury Regulation §1.704-1(b)(2)(ii)(d) and shall be construed as such.

(d) In the event any Partner has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Partner must restore to the Partnership upon liquidation, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. §1.704-2(g) and §1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7.07(d) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article

VII have been tentatively made as if this Section 7.07(d) and Section 7.07(c) hereof were not in the Agreement.

(e) In the event that income, loss or items thereof are allocated to one or more Partners pursuant to Sections 7.07(b), (c) or (d), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 7.07(b), (c) or (d)) to the Partners so that, to the extent possible in the judgment of the General Partner, the net amount of allocations shall be equal to the amount that would have been allocated had Section 7.07 not been applied.

(f) The Partnership “nonrecourse deductions” for any fiscal year of the Partnership (as defined in Treasury Regulations §1.704-2(b)(1)) shall be specially allocated to the Partners in proportion to the Percentage Interests and otherwise as provided in Treasury Regulations §1.704-2(e).

(g) Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in partner nonrecourse debt minimum gain (as defined in the Treasury Regulations) attributable to a partner nonrecourse debt during any fiscal year, each Partner who has a share of the partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(5), shall be specially allocated items of income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Partner’s share of the net decrease in partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-2(i)(4) and 1.704-2(j)(1). This Section 7.07(g) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

7.08 Deficit Restoration Obligation; Investment Partner. Notwithstanding anything to the contrary contained in this Agreement, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), then the Investment Partner shall be obligated to restore a deficit in its Capital Account up to a limited dollar amount (the “Designated Amount”). The Designated Amount shall be zero until the Investment Partner notifies the Partnership in writing of its election to have a different amount apply. Such notification shall be provided to the Partnership no later than the end of the taxable year for which such election is to be effective and shall specify the Designated Amount. Such election shall be irrevocable and shall be binding on subsequent transferees of such Investment Partner’s Interests. Notwithstanding the foregoing, the Designated Amount may be increased or reduced by written notice from the Investment Partner at any subsequent date, but no subsequent reduction to the Designated Amount shall reduce the same below the Investment Partner’s deficit balance in its capital account (as such capital account is increased by the Investment Partner’s share of Partnership minimum gain and the Investment Partner’s Capital Contribution) at the end of the Partnership’s immediately preceding tax year. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, upon and after date the first building in the Apartment Complex is placed in service (for purposes of Code Section 168), the Investment Partner shall be obligated to restore a deficit balance in its Capital

Account (as determined after giving full effect to all Capital Account adjustments for the Partnership during the year in which such liquidation occurs) in the event there is a liquidation within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), in the amount equal to the lesser of (i) the amount of such deficit balance and (ii) the aggregate amount of the Investment Partner's future expected Capital Contributions, in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3); and thereafter, the Investment Partner's obligation to restore a deficit balance in its Capital Account shall be reduced to zero in the first subsequent taxable year that the Investment Partner has a positive balance in its Capital Account.

7.09 Reduction of Investment Partner Interest in Losses. Beginning after the last Fiscal Year during which there are Tax Credits allowable with respect to the Apartment Complex, the Investment Partner may make an irrevocable election, by Notice to the General Partner, effective for the then current Fiscal Year (or the prior Fiscal Year if made before the due date, without extension, of the tax return for such prior Fiscal Year), to reduce its share of Losses to be allocated to the Investment Partner under Section 7.02(a) to the percentage specified in such Notice and the remaining Losses shall be allocated to the General Partner.

7.10 Special Allocation of Losses. If the reports required by Section 12.04 for any Fiscal Year demonstrate that: (1) the remaining Capital Account for the Investment Partner as of the close of the prior Fiscal Year does not exceed the amount of depreciation to be allocated to the Investment Partner for the remaining Credit Period plus one year, and (2) the Investment Partner is not projected to have sufficient Minimum Gain to support allocations of its Percentage Interest of the losses for all or a portion of such period then all items of loss or deduction, other than depreciation, for such Fiscal Year and each subsequent Fiscal Year in the Credit Period, shall be allocated to the General Partner until the Partnership has or is projected to have, sufficient Minimum Gain to support allocations to the Investment Partner of its Percentage Interest of all losses for the remaining Credit Period plus one year.

ARTICLE VIII

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

8.01 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes stated in Article III, shall make all decisions affecting the business of the Partnership and shall manage and control the affairs of the Partnership to the best of its ability and use best efforts to carry out the purpose of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partners and of the Partnership. The General Partner shall devote such time as is necessary to the affairs of the Partnership. Notwithstanding anything to the contrary contained herein or in any agreement between the General Partner and the Class A Limited Partner, if for any matter the General Partner and the Class A Limited Partner become deadlocked in the management of Partnership affairs following good faith negotiations, the General Partner shall be the final decision maker on the disputed issue. Additionally, in the

event of any conflict between the JV Agreement and this Agreement, the terms of this Agreement shall prevail.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Lender and/or Agency rules and regulations and the provisions of the Project Documents, the General Partner (acting for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, except as otherwise set forth in this Agreement, the General Partner is specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Regulatory Agreement, the Construction Mortgage, the Loan Documents, the Mortgage, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto, as shall be required in connection with the Construction Loan and the Mortgage Loan, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Except as otherwise set forth in this Agreement, all decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. No person dealing with the General Partner shall be required to determine its authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority. Notwithstanding anything to the contrary herein, so long as there is a General Partner, (including the admission of a General Partner under Sections 5.05 and/or 8.12) such Person shall have the right, acting alone and without the Consent or approval of any other General Partner, to take any action or make any decision authorized under this Agreement to be taken or made by a General Partner and no other General Partner shall have any power or right to act alone.

8.02 Limitations Upon the Authority of the General Partner; Option to Purchase and Right of First Refusal.

- (a) The General Partner shall not have any authority to:
- (i) perform any act to its knowledge in violation of any applicable law or regulation thereunder;
 - (ii) perform any act in violation of the provisions of the Regulatory Agreement or any other Project Documents;
 - (iii) do any act required to be approved or ratified in writing by the Limited Partners under the Act unless the right to do so is expressly otherwise given in this Agreement;
 - (iv) knowingly rent apartments in the Apartment Complex such that the Apartment Complex would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test; or

(v) borrow from the Partnership or commingle Partnership funds with funds of any other Person.

(b) The General Partner shall not, without the Consent of the Special Limited Partner, have any authority to:

(i) Sell, exchange, lease (other than the lease of units in the ordinary course of business) or otherwise pledge or dispose of, at any time, all or substantially all of the assets of the Partnership (including, without limitation, the Interest of the General Partner or any Limited Partner) or any portion of the Land upon which the Apartment Complex is built, buildings, improvements or fixtures included in the Apartment Complex (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (i)) except as expressly permitted pursuant to the ROFR Agreement;

(ii) develop any currently undeveloped portion of the Land upon which the Apartment Complex is built or enter into any agreement which would result in a lien being placed on the Land or Apartment Complex; (the Consent of the Special Limited Partner in this instance shall be in its sole and absolute discretion);

(iii) (A) with the Consent of the Special Limited Partner, in its sole discretion, amend, modify or renew (or permit any Affiliate of the General Partner, the Developer or the Guarantor or to receive an assignment of); or grant any material waiver in connection with, any document executed in connection with the Construction Loan or Mortgage Loan, (B) enter into a commitment for Mortgage Loan financing (other than the Construction Loan), (C) execute any Mortgage or Note (other than in connection with the Construction Loan), (D) increase or decrease the amount of any Mortgage Loan (or make application(s) for such an increase or decrease), (E) convert the Construction Loan to a Permanent Loan or, (F) authorize Final Closing with any Lender or (G) permit the assignment of any Mortgage Loan to, or the acquisition of, any Mortgage Loan by the General Partner, the Developer, the Guarantor or any Affiliate thereof (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (iii));

(iv) borrow in excess of \$10,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except borrowings under Section 8.16, and except as and to the extent provided for in an approved budget pursuant to Section 8.17 (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (iv));

(v) following Final Closing, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of \$50,000 in a single Partnership fiscal year, except (a) replacements and remodeling under emergency conditions, or (b)

reconstruction paid for from insurance proceeds, or (c) to the extent provided for in an approved budget pursuant to Section 8.17 (the Consent of the Special Limited Partner in this instance shall be in its sole and absolute discretion);

(vi) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex (the Consent of the Special Limited Partner in this instance shall be in its sole and absolute discretion);

(vii) refinance or pre-pay the Mortgage Loan (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (vii));

(viii) file or consent to the filing of a petition in Bankruptcy with respect to the Partnership or file or consent to any plan of reorganization in Bankruptcy or consent to any lifting of the automatic stay (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (viii));

(ix) select, replace or remove the Management Agent, approve any changes in the Management Agent fee structure or substantially modify the terms of the Management Agreement (except as required by the Lender) or replace the Accountants (for the purposes of this clause (ix), a change of any direct or indirect ownership interest in the Management Agent or member or shareholder of the Management Agent that results in a change in control of the Management Agent shall be considered a replacement of the Management Agent);

(x) make any modification to the Development Budget or operating budget prepared pursuant to Section 8.17 or make any expenditure which is not consistent with the Development Budget or operating budget prepared pursuant to Section 8.17 (the Special Limited Partner's Consent to such modifications or inconsistent expenditures not to be unreasonably withheld or delayed, provided that adequate funds are available for such purpose);

(xi) amend, modify or renew in any manner the terms of any Construction Loan or Mortgage Loan (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (xi));

(xii) consent to the settlement of any lawsuit or any other legal or administrative proceeding involving the Partnership as a party and which would result in the expenditure of more than \$25,000 in Partnership funds (other than Partnership funds that are insurance proceeds) (the Consent of the Special Limited Partner in this instance shall be in its sole and absolute discretion);

(xiii) initiate any lawsuit or any other legal or administrative proceeding involving the Partnership as a party except for proceeding regarding the non-payment of rent or any other landlord-tenant dispute which are brought in the ordinary course of business;

(xiv) settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item, extend any statute of limitations, or initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion with respect to this clause (xiv));

(xv) draw upon the Contingency in excess of the amounts permitted under Section 4.01(b);

(xvi) if not agreed to at the Initial Closing by the Special Limited Partner, make an election to defer the first year of the Credit Period;

(xvii) enter into, modify, assign or terminate (a) any easement that benefits or burdens the Apartment Complex or the Land, or any agreement which would result in a lien being placed on the Apartment Complex or the Land; (b) any commercial lease (including any agreement for the installation and/or operation of a cellular tower) or (c) except for the Social Services Agreement, any agreement for the provision of personal or social services with respect to any portion of the Apartment Complex (specifically including, but not limited to, agreements for food or health services, but not including, commercial leases or agreements relating to normal and customary property management functions). The General Partner shall provide the Special Limited Partner with copies of any such proposed commercial leases and/or service agreements at least twenty (20) days prior to the anticipated execution of such leases and/or agreements, together with such additional information as the Special Limited Partner may reasonably request, including but not limited to: brochures, resumes and capability statements; financial and operating information regarding proposed commercial tenants and/or service providers; licenses and governmental approvals; architectural plans and fit-out budgets (in excess of \$50,000), and insurance certificates. Architectural plans, fit-out budgets (in excess of \$50,000) and insurance certificates shall be required for all commercial tenants and/or service providers. Any commercial lease and/or service agreement shall expressly allow for termination by the Partnership within forty-five (45) days of material noncompliance with the terms thereof by a commercial tenant and/or service provider; or

(xviii) enter into (except in connection with the Initial Closing), amend, modify, terminate, or renew in any manner any Project Document or grant any material waiver in connection with a Project Document;

(xix) increase the amount of the Development Fee;

(xx) discharge the Contractor of its duties, replace the Contractor or deliver to the Contractor any correspondence regarding a potential dismissal of the

Contractor, or amend, modify, assign, terminate or renew in any manner the Construction Contract;

(xxi) enter into a contract or agreement for the sale or disposition (or a potential sale or disposition) of the Apartment Complex, the assets of the Partnership or any portion of the Land (including, but not limited to a contract of sale or brokerage agreement) (notwithstanding anything to the contrary contained herein, the Consent of the Special Limited Partner shall not be limited by any standard of reasonableness and may be withheld, conditioned or delayed in its sole and absolute discretion) except as expressly permitted pursuant to the ROFR Agreement;

(xxii) issue, sell, assign, encumber or transfer (or permit the issuance, sale, assignment, encumbrance or transfer, whether by action or omission or enter into any agreement regarding such an issuance, sale, assignment, encumbrance or transfer) any direct or indirect ownership interest in the General Partner or any direct or indirect member or shareholder of the General Partner, whether voluntary or involuntary, by operation of law or otherwise (the Consent of Special Limited Partner in this instance shall be in its sole and absolute discretion), other than a pledge granted to the Capital One in connection with the Construction Loan; or

(xxiii) amend any organizational document of the General Partner (the Consent of Special Limited Partner in this instance shall be in its sole and absolute discretion);

(xxiv) dismiss the Compliance Consultant or make any modification or change to the Unit Designations;

(xxv) make any modification to the unit mix of the Apartment Complex or amenities originally approved by the Agency or modify any tax elections that are a material change from what the Projections are based on or are not otherwise contemplated herein (including making an election pursuant to Code Section 266(ii) to capitalize taxes, interest, and carrying charges);

(xxvi) pledge or collaterally assign the interest of a Limited Partner in the Partnership (Consent shall be in the sole and absolute discretion of the Limited Partner whose interest is being pledged); and

(xxvii) enter into the City HOME Loan or the County HOME Loan documents; provided, however, that the General Partner may apply for HOME Loan funds, with the structuring, documentation and review of terms of the City HOME Loan and/or the County HOME Loan, all subject to the review and approval of the Special Limited Partner.

(c) The Partners acknowledge, agree to and consent to the terms and provision of the ROFR Agreement attached as Exhibit K. The General Partner agrees not to amend the ROFR Agreement without the Consent of the Special Limited Partner (in its sole and absolute discretion). Such ROFR Agreement shall be subordinate to the Tax-Exempt Project Loan.

(d) Notwithstanding the foregoing, at any time after the sixteenth (16th) anniversary of the first day of the first taxable year of the applicable Compliance Period, subject to the ROFR Agreement, the Special Limited Partner may request that the Partnership sell the Apartment Complex subject to the Extended Use Agreement (a “Continued Compliance Sale”); provided, however, that any such sale shall be subject and subordinate to the ROFR Agreement. After receipt of a request for a Continued Compliance Sale, the General Partner shall use its best efforts to find a third party purchaser for the Apartment Complex and to cause the Partnership to consummate a sale of the Apartment Complex subject to the Extended Use Agreement and on terms Consented to by the Investment Partner, which terms shall include a purchase price at least equal to the minimum price established in accordance with Section 42(i)(7) of the Code plus any outstanding amounts owed to the Special Limited Partner and the Investment Partner pursuant to this Agreement. If such efforts are not successful on terms reasonably satisfactory to the Special Limited Partner within six (6) months, the Special Limited Partner shall have the right thereafter to locate a purchaser for the Apartment Complex. If the Special Limited Partner locates such a purchaser, the General Partner shall be given a right of first refusal to purchase the Apartment Complex on the same terms and conditions as would be applicable to such purchaser; if such right of first refusal is not exercised by the General Partner within sixty (60) days, then the General Partner shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Partnership as the best offer, if any, located by the General Partner.

(e) The General Partner shall consider any reasonable offer made by the Investment Partner to purchase the Apartment Complex.

8.03 Management Purposes. In conducting the business of the Partnership, the General Partner shall be bound by the Partnership’s purposes set forth in Article III.

8.04 Delegation of Authority. The General Partner may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve. Notwithstanding anything to the contrary set forth herein, in no event shall the General Partner delegate its management responsibilities hereunder.

8.05 General Partner or Affiliates Dealing with Partnership.

(a) The General Partner or any Affiliate may act as Management Agent on such terms and conditions permitted by any applicable Lender and/or Agency requirements, and may receive compensation at the highest rates approved and permitted by the Lender and Special Limited Partner at any time not exceeding amounts set forth under Section 8.13.

(b) Any General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership in addition to those set forth herein, if (i) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Partnership, (ii) the goods or services to be furnished shall be reasonable for and necessary to the Partnership, (iii) the fees, terms and conditions of

such transaction are at least as favorable to the Partnership as would be obtainable in an arm's-length transaction, (iv) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by such General Partner or any Affiliate shall be compensated by the Partnership for his services; and (v) such contracts and dealings are fully and specifically disclosed to the Special Limited Partner in writing.

Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to such General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners in the reports required under Section 12.04. No General Partner or any Affiliate shall, by the making of lump-sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.05(b).

8.06 Other Activities. The General Partner's Affiliates may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as General Partner or managing member of other partnerships or companies which own, either directly or through interests in other partnerships, companies, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.07 Liability for Acts and Omissions. Neither any General Partner nor the Special Limited Partner nor any of their respective Affiliates shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by him or it, or any of them, in good faith on behalf of the Partnership and in a manner reasonably believed by him or it or any of them to be within the scope of the authority granted to him or it or any of them by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 8.07 shall not apply in the case of the breach of any express obligation of the General Partner as set forth herein, or the gross negligence, misconduct, fraud or any breach of fiduciary duty as General Partner or its officers, directors, agents or employees with respect to such acts or omissions. Any loss or damage incurred by any General Partner or the Special Limited Partner or any of their respective Affiliates thereof by reason of any act or omission performed or omitted by him or it or any of them in good faith on behalf of the Partnership and in a manner reasonably believed by him or it or any of them to be within the scope of the authority granted by this Agreement and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner or Affiliate thereof by reason of gross negligence, misconduct, or fraud by any of its officers, directors, employees or agents of the General Partner or any breach of fiduciary duty as General Partner with respect to such acts or omissions) shall be paid from Partnership assets to the extent available (but the Limited Partners shall not have any personal liability to the General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the General Partner or Affiliate(s) thereof or on account of the payment thereof).

8.08 Construction of the Apartment Complex; Certain General Partner Guarantees.

(a) Construction Completion Guaranty.

(i) The General Partner shall be responsible for:

(A) achieving Substantial Completion of the Apartment Complex on a timely basis substantially in accordance with the Plans and Specifications for the Apartment Complex, the terms of this Agreement, the Project Documents and any prevailing wage or labor requirements imposed by any Authority;

(B) meeting all requirements for obtaining all permanent Certificates of Occupancy for all the apartment units in the Apartment Complex;

(C) fulfilling all actions required of the Partnership to assure that the Apartment Complex satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Construction Loan and the Mortgage Loan by the Construction Lender and the Lender, respectively;

(E) paying any sales taxes levied in connection with materials purchased in constructing the Apartment Complex; and

(F) achieving Final Closing.

(ii) The General Partner hereby is obligated to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the General Partner pursuant to this clause (ii) shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership, without the Consent of the Special Limited Partner.

(iii) In the event that the General Partner shall fail to pay any such Excess Development Costs as required in this Section 8.08(a), the Special Limited Partner may use its sole discretion to cause the Partnership to use the Investment Partner's Capital Contributions in an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.09 to meet such obligations of the General Partner, and the Development Fee shall be deemed paid to such extent and the Developer shall take such amount of the Development Fee into income for federal income tax purposes; provided that up to \$500,000 in the aggregate may be treated as an interest-free loan (a "Development Deficit Loan") which is payable without interest solely from Net Cash Flow or proceeds from a Capital Transaction pursuant to Section 7.03(a)(E) and/or 7.05(c); provided, however, that if the Special Limited Partner determines in its reasonable discretion that treatment of such advance as a loan is likely to reduce the amount of Losses (and Tax Credits) that would otherwise be allocable to the Investment Partner under this Agreement prior to expiration of the Compliance Period, such advance shall at the written direction of the Special Limited Partner be deemed to be a cost of the General Partner and not of the Partnership, in which case the payment thereof shall not constitute a loan to the Partnership and shall not be reimbursable by the Partnership.

(b) Operating Deficit Guaranty. In the event that, at any time during the period beginning upon the date of Final Closing and ending on the fifth anniversary thereof, as long as Breakeven Operations has been achieved in the final twelve (12) month

period thereof, provided that the amount in the Operating Reserve Account is at least equal to the Operating Reserve Minimum (the “Initial Period”), an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s), provided, however, that the General Partner shall not be obligated to provide more than [\$964,195] (“ODG Limit”) plus any Operating Deficit Loans repaid under Section 7.03(a)[(D)], in the aggregate. Any such funds provided after the achievement of Final Closing shall be in the form of a loan to the Partnership (the “Operating Deficit Loan(s)”). An Operating Deficit Loan shall be made in accordance with the provisions of Section 8.16; provided, however, that an Operating Deficit Loan shall bear no interest. In the event that the General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Special Limited Partner may use its sole discretion to cause the Partnership to use the Investment Partner’s Capital Contributions, in an amount not in excess of any remaining installments of the Development Fee due pursuant to Section 8.09, to meet such obligations of the General Partner and the Development Fee shall be deemed paid, and an Operating Deficit Loan made, to such extent and the Developer shall take such amount of the Development Fee into income for federal income tax purposes. For the purpose of this Section 8.08(b), all expenses shall be paid on a sixty (60) day current basis. In the event that the General Partner is removed from the Partnership in accordance with Section 5.05 or Section 8.12 hereof, the Operating Deficit Loan shall be deemed paid upon such removal.

(c) The General Partner shall establish and fund an operating reserve account (the “Operating Reserve Account”) with a lending institution acceptable to the Special Limited Partner, and such Operating Reserve Account shall be funded from and at the time of the funding of the Second Capital Contribution in an amount equal to [\$481,567]. Such Operating Reserve Account shall be maintained for the duration of the Compliance Period and shall be used exclusively during the Compliance Period to pay for Operating Deficits incurred by the Partnership, and during the Initial Period, the General Partner may use up to fifty percent (50%) of the funds in the Operating Reserve Account prior to making an Operating Deficit Loan pursuant to Section 8.08(b) above, provided however, that all withdrawals from the Operating Reserve Account shall be made only with the Consent of the Special Limited Partner. Should a withdrawal be permitted hereunder, distributions shall be made from Net Cash Flow on each Payment Date to maintain a minimum balance of [\$481,567] (the “Operating Reserve Minimum”).

(d) Shared Maintenance Costs. Notwithstanding anything to the contrary contained herein, the General Partner will be obligated to provide such funds to the Partnership as shall be necessary to pay any Operating Deficits that arise in any taxable year during which (1) the Partnership is obligated to pay Shared Maintenance Costs (including, but not limited to the Partnership Portion of Shared Maintenance Costs), any other assessments or special assessments, and any and all other costs, fees and/or expenses pursuant to the Reciprocal Easement Agreement in excess of the amount provided for in the Projections or (2) any of the other Phase Owners fails to fully and timely pay amounts owed under the Reciprocal Easement Agreement (in either such case, an “REA Expenses Deficit”). Any such funds provided under this Section 8.08(d) shall be in the form of an Operating Deficit Loan (and may be repaid from Net Cash Flow in accordance with Section 7.03 herein); provided, however, that the obligation of the General Partner under this Section 8.08(d) shall neither count toward nor be limited by the ODG Limit. The General

Partner's obligation to fund an REA Expenses Deficit shall remain in effect through the end of the Tax Credit Compliance Period (regardless of whether the Initial Period described in Section 8.08(b) above has expired) and shall be funded prior to making an Operating Deficit Loan under the provisions of Section 8.08(b). The General Partner is further obligated to remove any liens and/or foreclosure actions, if any, encumbering all or any portion of the Apartment Complex resulting from/related to nonpayment of amounts due under the Reciprocal Easement Agreement. Further, the General Partner shall take all actions necessary to enforce any rights the Partnership has for breaches of the Reciprocal Easement Agreement by the other Phase Owners.

8.09 Development Fee. The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and construction of the Apartment Complex. In consideration for such services, a Development Fee in a total amount equal to [Seven Million Four Hundred Ninety-Eight Thousand Nine Hundred Eighty-Seven and 00/100 Dollars (\$7,498,987)] as may be adjusted pursuant to the terms of the Development Agreement, shall be payable by the Partnership, in accordance with the terms of the Development Agreement. In the event that less than fifty percent (50%) of the aggregate basis of any building included in the Apartment Complex and the Land on which such building is located (including an allocable portion of the Development Fee hereunder) is, as of the end of the first year of the Credit Period, financed from the proceeds of the tax-exempt obligations, then the Development Fee shall automatically be reduced, to the extent necessary to cause the amount of such tax-exempt proceeds to be greater than fifty percent (50%) of such aggregate basis.

8.10 Partnership Management Fee. The Partnership has entered into a Partnership Management Fee Agreement with the General Partner of even date herewith in the form of Exhibit A for its services in managing the business of the Partnership for the period from the date hereof throughout the term of the Partnership. Such agreement includes provisions to the effect that in return for its services in administering and directing the business of the Partnership, maintaining appropriate books and records relating to all financial affairs of the Partnership, and reporting periodically to the Partners, the Lender, and the Agency with respect to the financial and administrative affairs of the Partnership and the Apartment Complex, the Partnership shall pay to the General Partner, solely from the Net Cash Flow of the Partnership available for distribution and in accordance with Section 7.03(a), and after any Operating Deficit Loans or Development Deficit Loans have been repaid, an annual Partnership Management Fee payable as set forth in Section 7.03(a). The Partnership Management Fee shall equal [\$30,000] per year, increasing at 3% per annum, and such fee shall be cumulative. Payment of such fee shall be subject to any applicable requirements of the Lender.

8.11 Obligation of General Partner to Pay Fees in Event of Default. In the event that (a) the General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement or any representation or warranty is materially untrue, after Notice from the Special Limited Partner of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (b) the Construction Lender, or the Lender shall have declared the Partnership to be in default under the Construction Loan or the Mortgage Loan for reasons other than the Limited Partner's failure to make a Capital Contribution, which failure is not a result of a default by the General Partner, which default is not cured within thirty (30) days thereof or (c) foreclosure proceedings shall have been commenced against the Apartment Complex for reasons other than the Limited

Partner's failure to make a Capital Contribution, which failure is not a result of a default by the General Partner, which proceeding is not dismissed within thirty (30) days thereof, then (i) the General Partner shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of fees and/or allowance payable pursuant to Section 8.09 and/or 8.10, (ii) the General Partner shall be liable for the Partnership's payment of any and all installments of the Development Fee payable pursuant to Section 8.09, as and to the extent provided in Section 8.09 and/or 8.10, and to repay any Operating Deficit Loan(s) and/or Development Deficit Loan(s) incurred as provided for in Section 8.08(b) and Section 8.08(a)(iii), respectively, such payment shall discharge the Partnership's obligation to make such payment and (iii) the Partnership Management Fee shall be deemed as paid to the same extent as if such withholding did not occur.

All amounts so withheld by the Partnership under this Section 8.11 shall be promptly released to the payees thereof only after the General Partner has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Special Limited Partner.

8.12 Removal of the General Partner and Class A Limited Partner.

(a) The Special Limited Partner, so long as it is a Partner, shall have the right to remove the General Partner and/or the Class A Limited Partner or cause itself or its designee to be admitted as the General Partner upon the occurrence of any of the following:

(A) the General Partner and/or the Class A Limited Partner shall have violated any material provisions of any document required in connection with the Mortgage Loan or any material provisions of the Lender, and/or Agency requirements applicable to the Apartment Complex, which violation has not been cured within the applicable cure period, if any, or explicitly waived in writing by the Lender, or the Agency, as applicable;

(B) the General Partner and/or the Class A Limited Partner shall have violated any material provision of this Agreement including, without limitation, any of its guaranties pursuant to Sections 5.01(d), 5.05 and/or 8.08, or violated any material provision of applicable law (including applicable federal, state or municipal law, as well as state securities laws) or the General Partner and/or the Class A Limited Partner has acted outside the scope of its duties or obligations under this Agreement;

(C) a default shall have occurred under the Construction Loan or the Mortgage Loan, or foreclosure proceedings have been commenced against the Apartment Complex and such default has not been cured or such proceedings dismissed within the lesser of thirty (30) days or the cure period permitted in the loan document;

(D) the General Partner and/or the Class A Limited Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would be likely, in the opinion of counsel to the Special Limited Partner to cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation;

(E) the amount of the Actual Credit with respect to the Low-Income Housing Tax Credit for any year after the second year of the Credit Period is, or is projected by the Accountants after Tax Credit Allocation to be less than seventy-five percent (75%) of the Projected Credits for that year;

(F) an event described in Section 5.05(a) has occurred and the Special Limited Partner exercises its option to remove the General Partner and/or the Class A Limited Partner under Section 5.05;

(G) any uncured default under or the termination of the Construction Contract or the Extended Use Agreement;

(H) an event of Bankruptcy has occurred with respect to the General Partner, the Class A Limited Partner and/or the Guarantor;

(I) the General Partner or an Affiliate thereof or the Class A Limited Partner or an Affiliate thereof has been convicted by a court of competent jurisdiction of a felony criminal offense or the General Partner or an Affiliate thereof or the Class A Limited Partner or an Affiliate thereof has pleaded guilty to such an offense; or

(J) the General Partner shall have failed to perform its functions as set forth in Section 8.01 hereof;

(K) the Partnership shall have been declared in default under any Mortgage Loan or the Tax Credit Allocation or foreclosure proceedings have been commenced against the Apartment Complex and such default has not been cured or such proceedings dismissed within forty-five (45) days; or

(L) any fraud, malfeasance, gross negligence, intentional misconduct, felony conviction of the General Partner, the Class A Limited Partner or Guarantor, or any controlling owner of such entities, or breach of fiduciary duty of the General Partner or failure to exercise reasonable care by the General Partner with respect to any material matter in the discharge of its duties and obligations as General Partner (provided that such failure to exercise reasonable care results in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership); or

(M) the General Partner, the Class A Limited Partner, the Guarantor or the Management Agent, or any Affiliate thereof, through their respective action or inaction, is in any way responsible for a "2530 flag" being assigned by HUD to the Partnership, any Limited Partner, or any Affiliate or principal of a Limited Partner, and such default has not been cured or dismissed (as evidenced by a 2530 flag report which shows that the flag no longer appears in HUD's "APPS" system with respect to any Limited Partner, or any Affiliate or principal of a Limited Partner) within thirty (30) days;

(N) any permanent or temporary Certificate of Occupancy expires or is revoked and residents are occupying units not covered under any occupancy permit;

(O) any Guarantor shall have failed to honor any of its obligations under the Unconditional Guaranty, or any Developer shall have failed to honor any of its obligations under the Development Agreement;

(P) there is a material violation of the Management Agreement by the Management Agent which remains uncured after the cure period allowed therein, which causes material adverse harm to the Investment Partner, the Partnership or the Apartment Complex;

(Q) a default has been declared under any Project Document, which default remains uncured after the cure period allowed in the applicable Project Document, if any;

(R) the General Partner delegates any duties, obligations or authority provided for in this Agreement to circumvent the direct and indirect transfer restrictions applicable to the General Partner, as determined by the Special Limited Partner in its reasonable discretion;

(S) the General Partner shall have caused the Special Limited Partner, the Investment Partner or any Investor to be liable for Partnership obligations in excess of their respective Capital Contributions;

(T) if grounds to remove the Management Agent exist as per Section 8.14, then a failure by the General Partner to cause the timely and prompt removal of the Management Agent;

(U) prior to the end of the Compliance Period, the failure of the General Partner to fund any Operating Deficits (regardless of whether the ODG Limit has been reached or the Initial Period has expired); or

(V) receipt of adverse findings resulting from a U.S. Treasury's Office of Foreign Asset Control's (OFAC) check regarding the Partnership, the General Partner, the Class A Limited Partner, the Guarantor or the Management Agent, or any Affiliate thereof.

(b) The Special Limited Partner shall give Notice to all Partners, and to the Lender, of its determination that the General Partner and/or the Class A Limited Partner shall be removed or that it or its designee be admitted as General Partner. If the Special Limited Partner has determined to remove the General Partner, the General Partner shall have thirty (30) days (or, in the case of a non-monetary default, such longer period if, in the reasonable opinion of the Special Limited Partner, such a longer period of time is necessary to cure such default but in no event shall the time period for curing a default exceed sixty (60) days after receipt of such Notice) after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as General Partner. If the Special Limited Partner has determined to remove the Class A Limited Partner, the

Class A Limited Partner shall have thirty (30) days (or, in the case of a non-monetary default, such longer period if, in the reasonable opinion of the Special Limited Partner, such a longer period of time is necessary to cure such default but in no event shall the time period for curing a default exceed sixty (60) days after receipt of such Notice) after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Class A Limited Partner. If, at the end of thirty (30) days or such additional period permitted in the previous sentence, the General Partner and/or Class A Limited Partner has not cured any default or other reason for such removal, it shall cease to be General Partner and/or Class A Limited Partner and the powers and authorities conferred on it as General Partner and/or Class A Limited Partner under this Agreement shall cease and the Interests of such General Partner and/or Class A Limited Partner shall be transferred to a designee of the Special Limited Partner which, without further action, shall become the General Partner and/or Class A Limited Partner; in such event, upon becoming the General Partner, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents. Notwithstanding the foregoing, if the event giving rise to the determination that a General Partner and/or Class A Limited Partner be removed is as set forth in Section 8.12(a)(ii)(H), (I) and/or (L), then there shall be no requirement for Notice and no opportunity to cure any such default. In the event that the Special Limited Partner has determined to cause itself or its designee to be admitted as General Partner, such admission shall occur on such date as is determined by the Special Limited Partner, which may be on the date of the Notice to the General Partner or at any time thereafter. In the event that the Special Limited Partner or its designee is admitted as the General Partner pursuant to this Section 8.12 or pursuant to Section 5.05 or that the Special Limited Partner has elected to exercise the authority described in Section 5.05(a)(C) and/or 5.05(a)(D), none of the foregoing shall preclude the Special Limited Partner from exercising its right to remove the General Partner and/or Class A Limited Partner at any time thereafter pursuant to the provisions of this Section 8.12.

Notwithstanding the right of the Special Limited Partner to remove the General Partner, upon the occurrence of any of the events described in Section 8.12(a) above, the Special Limited Partner agrees that it will not remove the General Partner with respect to events that are solely attributable to an act or omission of the Class A Limited Partner (or its Affiliates) which cannot be cured by the General Partner as determined by the Special Limited Partner in its sole discretion based on information readily available to the Special Limited Partner at such time.

(c) (i) In the event that the General Partner is removed as aforesaid, (1) the General Partner shall be and shall remain liable for all obligations and liabilities of the General Partner hereunder on a going-forward basis, including but not limited to the obligations set forth in Sections 5.01(d) and 8.08 of this Agreement (including without limitation the payment of all Excess Development Costs necessary to achieve Final Closing and Final Completion), and (2) the Guarantor shall continue to guaranty these obligations and liabilities on a going-forward basis in accordance with the terms and provisions of the Unconditional Guaranty; provided, however, that if amounts otherwise payable to the General Partner or any of its Affiliates as fees are applied to meet the obligations of the General Partner as stated in Sections 8.08 and 8.11 of this Agreement, such application shall serve to reduce any such liabilities of the General Partner or the Guarantor, except for liability incurred as the result of the General Partner's or the Guarantor's gross negligence,

misconduct, fraud or breach of the General Partner's fiduciary duties or breach of the Partnership Agreement or the Unconditional Guaranty by the General Partner or the Guarantor respectively. Notwithstanding anything to the contrary contained herein, subsequent to Final Closing, the General Partner shall have no liability (i) for any claims, suits, actions, debts, damages, costs, charges, obligations, judgments and expenses, losses, of any nature whatsoever, relating to the gross negligence, willful misconduct, fraud or a material violation of the Partnership Agreement of a replacement General Partner subsequent to the removal of the General Partner; or (ii) for any Operational Reduction Amount that pertains to event(s) that occur subsequent to the removal of the General Partner.

(ii) If the General Partner is removed as Partner of the Partnership, then, immediately prior to removal, the General Partner shall make a Capital Contribution to the Partnership in an amount equal to any unpaid installments of the Development Fee, and the Partnership shall thereupon make a payment in an equal amount to pay off such amount of the Development Fee, it being understood and agreed that failure of the General Partner to make such Capital Contribution shall be cause for the Investment Partner to exercise its right to require the General Partner to repurchase the Limited Partners' Interest under Section 5.05 and to take any other action authorized under this Agreement. Upon any such removal of the General Partner, no further installments of the Partnership Management Fee shall be paid (and the General Partner shall make a Capital Contribution to satisfy any accrued but unpaid installments of the Partnership Management Fee), payments under the Ground Lease Loan and Sponsor Loan shall be suspended until maturity and the Partnership shall not be obligated to repay any Operating Deficit Loans, Development Deficit Loans or other General Partner loans to the Partnership made by the removed General Partner.

(iii) Upon the removal of the General Partner for any reason pursuant to the terms hereof, the remaining or successor General Partner shall cause the Partnership to redeem the removed General Partner's Interest for One Hundred Dollars (\$100), and such removed General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership.

8.13 Selection of Management Agent. The Partnership, with the approval of the Agency and/or the Lender, if required, shall engage such person, firm or company as the General Partner may select, and as the Special Limited Partner may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Apartment Complex during the rent-up period and following Final Closing. Such Management Agent shall possess all required and applicable certifications and licenses issued through the State or through a reputable property management educational organization (such as a Certified Property Manager designation through the Institute of Real Estate Management) as well as any additional certifications or licenses which are required to manage Tax Credit properties. The Management Agent shall perform its obligations in accordance with all laws, procedures and regulations governing property managers within the State. Furthermore, to ensure compliance with the Average Income Test, the General Partner will ensure that the Management Agent uses software that is designed to track and report compliance with the Average Income Test. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Lender, if required, but in no event will the annual management fee exceed [\$75] per unit per

month (to be increased annually by 2% per annum) without the Consent of the Special Limited Partner. The Management Agent shall be required to prepare monthly operating statements with respect to the Apartment Complex which statements shall be provided to the General Partner no later than fifteen (15) days following the end of each month and which statement shall disclose any event or occurrence with respect to the Apartment Complex which is asserted by an Authority to be violation of any Federal, state or local statute or regulation. The contract between the Partnership and the Management Agent and the management plan for the Apartment Complex shall be in a form acceptable to the Agency and/or the Lender, if required, and reasonably acceptable to the Special Limited Partner; such contract shall have an initial term of one (1) year and shall be renewable annually thereafter and shall provide, among other things, (i) for termination by the General Partner at the direction of the Special Limited Partner in the event that the Special Limited Partner determines that grounds for removal of the Management Agent exist under Section 8.14; (ii) for payment of a management fee in an amount not to exceed the respective percentages set forth above; (iii) that it shall be cancelable upon thirty (30) days prior notice from the Partnership, (iv) that if the Management Agent is an Affiliate of the General Partner, the Management Agent will accrue fifty percent (50%) of the management fee to the extent necessary at any time to prevent a default under the Mortgage Loan or an Operating Deficit; and (v) other commercially reasonable terms including the provision of a fidelity bond and insurance coverage consistent with the specifications set forth in the Insurance Guidelines. National Community Renaissance of California is approved by the parties hereto as the initial Management Agent.

8.14 Removal of the Management Agent. The General Partner (i) may, upon receiving the approval of the Special Limited Partner and receiving any required approval of the Lender, dismiss or not renew the Management Agent as the entity responsible for the Apartment Complex under the terms of the contract between the Partnership and the Management Agent, and (ii) at the request of the Special Limited Partner, shall immediately remove the Management Agent in the event that: (1) the Special Limited Partner makes a reasonable request for such removal, or (2) the Special Limited Partner has determined to remove the General Partner pursuant to Section 8.12 or has determined that grounds for removal under Section 8.12 exist or has determined to exercise its authority described in Section 5.05(a)(C) and/or 5.05(a)(D), or (3) the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or (4) or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(a) violates in any material respect any provision of the Management Agreement entered into with the Partnership and approved by the Lender, if required, and/or any material provision of the Regulatory Agreement applicable to the Apartment Complex, or the Lender-approved management plan for the Apartment Complex;

(b) violates in any material respect any provision of this Agreement or provision of applicable law; or

(c) causes the Apartment Complex to be operated in a manner which if continued would, in the opinion of counsel to the Special Limited Partner, be likely to give rise to an event which would cause a recapture of Tax Credit.

8.15 Replacement of the Management Agent. Upon the termination of the contract with the Management Agent or the removal of the Management Agent as the entity responsible for the management of the Apartment Complex, a substitute Management Agent which, if the removed Management Agent was an Affiliate of the General Partner, is not an Affiliate of the General Partner, shall be named by the General Partner, subject to the approval of the Lender, if required, and the approval of the Special Limited Partner. Notwithstanding anything to the contrary contained herein, in the event there exists a conflict between the terms of this Agreement and that of the Management Agreement, the terms of this Agreement shall control.

8.16 Loans to the Partnership. With the prior written Consent of the Special Limited Partner, in the event that additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, the Partnership may borrow such funds as are needed from any Partner or other Person or organization, including the General Partner, for such period of time and on such terms (including an agreed upon interest rate) as the General Partner, the Special Limited Partner and the Lender, if so required, may agree (except for Operating Deficit Loans or Development Deficit Loans made pursuant to Sections 8.08(b) or Section 8.08(a)(iii), respectively, which shall bear no interest). Notwithstanding anything to the contrary contained herein, the Special Limited Partner and/or the Investment Partner may, in its sole and absolute discretion, make a loan (bearing interest at no less than the Prime Rate prevailing at the end of the preceding calendar month, plus two percent (2%)) to the Partnership for the purpose of meeting any obligation, expenses, cost or expenditure which, as per the terms of this Agreement, is an obligation of the General Partner that has not been met in accordance with the terms hereof. Loans made under this Section shall be repaid as set forth in the definition of Net Cash Flow in Article II (except for Operating Deficit Loans or Development Deficit Loans made pursuant to Sections 8.08(b) or Section 8.08(a)(iii), respectively, which shall be repaid only from Net Cash Flow in any given year, as set forth in Section 7.03(a)), but any amount of any such loan that is outstanding at the time of the occurrence of any of the events described in Sections 7.05 or 11.01 shall be repaid as provided in Section 7.05.

8.17 Operating and Capital Budgets. Prior to the making of the Second Capital Contribution (with respect to the remainder of the Partnership's then current fiscal year) and not less than sixty (60) days prior to the commencement of each subsequent fiscal year, the General Partner shall submit to the Special Limited Partner for its review and approval (which approval shall not be unreasonably withheld), proposed operating and capital budgets for the Apartment Complex and the Partnership for the next fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Mortgage Loan, capital improvements, and all budgeted expenses which are to be paid to the General Partner or its Affiliates. The Special Limited Partner shall submit its response to such proposed budgets to the General Partner within forty-five (45) days (or such shorter period of time as may be requested by the Lender, but in no event less than thirty (30) days) after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto. In the event the Special Limited Partner does not respond within these forty-five (45) days, the General Partner may re-submit its request for review and approval to the Special Limited Partner, which shall have an additional fifteen (15) days after its receipt of the resubmission to respond, after which time the budgets shall be deemed approved if the Special Limited Partner does not submit its response.

8.18 Replacement Reserve. Commencing with the month following Substantial Completion, the Partnership shall be obligated to make a payment to the Partnership's Reserve Fund for Replacements each month equal to (on an annualized basis) the greater of (i) the amount required by the Lender (such deposits into a Lender replacement reserve account to be credited toward this obligation), and (ii) [\$500]/unit (the "Reserve Minimum Payment"). In the event that the Reserve Minimum Payment exceeds the amount required by the Lender to be deposited into the Reserve Fund for Replacement, the Special Limited Partner shall establish a separate account (the "SLP Replacement Reserve Account") into which the General Partner shall deposit any such excess. The Reserve Fund for Replacements shall be held by the Capital One. All withdrawals from the Partnership's Reserve Fund for Replacement shall be made only with the approval of the Special Limited Partner and HCD (as applicable), and all withdrawals from the SLP Replacement Reserve Account shall be made only with the approval of the Special Limited Partner.

Any interest earned on both the Partnership's Reserve Fund for Replacement and the SLP Replacement Reserve Account shall become a part thereof. The Special Limited Partner shall receive a copy of any draw request made to the Lender for draws from the Partnership's Reserve Fund for Replacement. The Special Limited Partner shall have the right to disallow any item in such draw in its sole but reasonable discretion.

8.19 Property Tax Exemption – Authority and Duties of General Partner.

(a) The General Partner shall provide regular, continuous and substantial services to the Partnership and shall be the "Managing General Partner" of the Partnership, as such term is used in Section 214(g) of the CRT, as amended, and as further defined in the Property Tax Rules of the BOE, specifically, Property Tax Rule 140.1(a)(6). Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall materially participate in the control, management and direction of the Partnership's business for the purposes stated in Article III, and shall manage and control the affairs of the Partnership and carry out the purposes of the Partnership. In so doing, the General Partner shall take all actions necessary or appropriate to protect the interests of the Partners and of the Partnership. The General Partner shall devote such of its time as is necessary to the affairs of the Partnership.

(b) Notwithstanding anything to the contrary contained herein, the General Partner shall perform the following substantial management duties ("Substantial Management Duties") on behalf of the Partnership:

(i) rent, maintain and repair the Apartment Complex, and to the extent such duties are delegated to the Management Agent pursuant to Article VIII, participate in hiring and overseeing the work of the Management Agent;

(ii) prepare or cause to be prepared any and all reports to be provided to the Partners and/or Lenders on a monthly, quarterly or annual basis consistent with the requirements of this Agreement;

(iii) monitor compliance with all government regulations and file or supervise the filing of all required documents with government agencies;

(iv) acquire, hold, assign or dispose of property or any interest in property;

(v) borrow money, encumber the Partnership property, and prepare items in whole or in part, in connection to refinancing, increasing, modifying or extending any obligation;

(vi) determine the amount and timing of distributions to Partners and establish and maintain all required reserves; and

(vii) ensure charitable services or benefits, such as vocational training, educational programs, childcare and after-school programs, cultural activities, family counseling, transportation, meals, and linkages to health and/or social services are provided, including those referenced herein, or information regarding charitable services or benefits are made available to the tenants of the Apartment Complex.

(c) The General Partner shall maintain, independently of the records and documents of the Partnership, records and documents evidencing the duties performed by the General Partner (“Management Documents”). Such records and documents may include, but are not limited to:

(i) accounting books and records;

(ii) tax returns;

(iii) budgets and financial reports;

(iv) reports required by Lenders;

(v) documents related to the construction or rehabilitation of the Apartment Complex;

(vi) legal documents such as contracts, deeds, notes, leases, and deeds of trust;

(vii) documents related to complying with government regulations and filings;

(viii) documents related to property inspections;

(ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;

(x) reports prepared for the Partners;

(xi) bank account records;

(xii) audited annual financial statement of the Partnership; and

(xiii) the property Management Agreement.

(xiv) to the extent that any such Management Documents are not within the control or possession of the General Partner, the General Partner and Limited Partners agree to provide or cause to be provided copies of such documents to the General Partner upon written request from the General Partner. The General Partner and Limited Partners shall have the right upon two (2) business days' notice, during reasonable business hours, to inspect all records and documents maintained by the General Partner.

(d) In the event that there is more than one General Partner and this Agreement provides for an action on the part of the General Partners requiring a vote of a majority in interest of the General Partners to effect such action (a "Major Decision"), the General Partners shall each vote on such matter in accordance with their Partnership Interests. A General Partner requesting a vote on a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partners shall provide their approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice unless an emergency event shall have occurred in which event the General Partner shall provide such notice as is reasonable under the circumstances.

(e) The General Partner shall annually conduct a physical inspection of the Apartment Complex to ensure that the property is being used as low-income housing and meets all of the requirements applicable pursuant to the Property Tax Exemption provided for under Section 214(g) of the CRT, as amended, and as further defined by Property Tax Rule 140.

(f) The General Partner shall submit on an annual basis a certification to the County Assessor for San Diego, certifying that the Apartment Complex meets all of the requirements set forth in Property Tax Rule 140.

(g) The General Partner shall obtain and maintain the Supplemental Clearance Certificate for the Partnership and the Property Tax Exemption for the Apartment Complex. Any savings to the Partnership and Apartment Complex attributable to the Property Tax Exemption shall be used to maintain the affordability of the units occupied by lower income individuals or otherwise passed on to the low-income tenants at the Apartment Complex in accordance with all applicable provisions of Section 214(g) of the CRT, as amended.

8.20 Delegation of Duties. Notwithstanding anything contained in this Partnership Agreement to the contrary, the General Partner may delegate its Substantial Management Duties only in the event that such a delegation is to persons who, under the General Partner's actual supervision, perform such duties for the Partnership. If the General Partner elects to delegate one or more of its Substantial Management Duties, then the General Partner shall demonstrate by maintaining appropriate records and otherwise that it is actually supervising the performance of the delegated duties.

8.21 Compliance Consultant. The General Partner shall ensure that the Compliance Consultant is engaged, at the cost and expense of the Partnership, prior to the first day of the first year of the Compliance Period to provide training, consultation, and review services to the Partnership and the Management Agent to ensure ongoing compliance with Average Income Test (including continued compliance with all final or temporary regulations promulgated with respect

thereto) (the “Compliance Services”). Such Compliance Services shall include (i) assisting in the development and implementation of software, policies, and procedures that are designed to facilitate accuracy and completeness in the processing of initial applications for tenancy, the certification (and recertification) of tenants, and the monitoring of unit-by-unit compliance with the Average Income Test, (ii) reviewing tenant files (including tenant income certifications prior to being signed by the tenants) to determine that units are being rented to Qualified Tenants in compliance with the Average Income Test and providing recommendations according to findings, (iii) training all site-based management staff on best practices for ensuring ongoing compliance with the Average Income Test, and (iv) other services as the Special Limited Partner shall require. In the event that the Compliance Consultant recommends corrections to a tenant file, the General Partner shall cause the Management Agent to correct the tenant file and provide the corrected tenant file to the Special Limited Partner. The Investment Partner may withhold all or any portion of a Capital Contribution payment until it has received all of the initial tenant files and the same have been reviewed, corrected and approved. The Compliance Consultant may not be removed or replaced without the Consent of the Special Limited Partner. The General Partner may seek the Consent of the Special Limited Partner (not to be unreasonably withheld) to termination of the Compliance Consultant Agreement after the fifth (5th) year of the Compliance Period provided that there has been no event of non-compliance but shall be reinstated, at the request of the Special Limited Partner, if an event of non-compliance occurs at anytime thereafter.

8.22 RAD Subsidy Reserve Account. The General Partner shall establish a RAD subsidy reserve account (the “RAD Subsidy Reserve Account”) with a lending institution acceptable to the Investment Partner, and such RAD Subsidy Reserve Account shall be funded from and at the time of the funding of the Second Capital Contribution in an amount equal to [\$746,208]. Such RAD Subsidy Reserve Account shall be maintained in accordance with the Mixed Finance Documents and shall be used exclusively to pay operating expenses incurred by the Partnership to the extent funds are not available from other sources until Final Closing, provided, however, that all withdrawals from the RAD Subsidy Reserve Account shall be made only with the Consent of the Special Limited Partners and Lenders, as applicable. The RAD Subsidy Reserve Account shall be held until [Final Closing and, upon Final Closing,] any funds remaining in the RAD Subsidy Reserve Account may be released in accordance with Section 7.03 hereof.

8.23 Move To Work Hardship Reserve Account. The General Partner shall establish a move to work hardship reserve account (the “Move To Work Hardship Reserve Account”) with a lending institution acceptable to the Investment Partner, and such Move To Work Hardship Reserve Account shall be funded from and at the time of the funding of the Third Capital Contribution in an amount equal to [\$10,500]. Such Move To Work Hardship Reserve Account shall be maintained in accordance with the [Mixed Finance Documents] and shall be used exclusively to pay [_____ expenses] incurred by the Partnership, provided, however, that all withdrawals from the Move To Work Hardship Reserve Account shall be made only with the Consent of the Special Limited Partners and Lenders, as applicable. The Move To Work Hardship Reserve Account shall be held until [Final Closing and, upon Final Closing,] any funds remaining

in the Move To Work Hardship Reserve Account may be released in accordance with Section 7.03 hereof.

ARTICLE IX

WITHDRAWAL OF GENERAL PARTNER **TRANSFERS OF INTERESTS**

9.01 Withdrawal of the General Partner.

(a) The General Partner may not, without the prior Consent of the Special Limited Partner in its sole and absolute discretion (and the Agency and the Lender, if required, and only after being given written approval by the necessary parties as provided in Section 9.02, if applicable, of the General Partner(s) to be substituted for him or it or to receive all or part of its Interest as General Partner);

(i) amend any organizational document of the General Partner;

(ii) withdraw from the Partnership or sell, transfer or assign or permit the sale, transfer or assignment of its Interest in whole or in part as General Partner; or

(iii) permit any holder of an interest in the General Partner to sell, transfer or otherwise dispose of such interest (directly or indirectly), or increase or decrease such holder's interest in the General Partner. For any such entity to receive all or part of its Interest as General Partner as per this clause (3), then (x) none of such entity, nor any of their respective wholly controlled affiliates or principals shall appear on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury or in the Annex to United States Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, nor otherwise be a prohibited party under any anti-money laundering laws of the United States and (y) lien, judgment, litigation and bankruptcy searches on such entity and each of its principals and/or owners produce satisfactory results in the reasonable discretion of the Special Limited Partner. In addition, for any such entity to receive twenty percent (20%) or more of the Interest as General Partner, background checks on such entity and each of its principals and/or owners performed in accordance with standard "Know Your Customer" practices and other procedures must produce satisfactory results in the reasonable discretion of the Special Limited Partner.

(b) In the event that the General Partner withdraws from the Partnership or sells, transfers or assigns his or its entire Interest pursuant to Section 9.01(a), or sells, transfers or disposes of any Controlling Interest in the General Partner, he or it shall be and shall remain liable for all obligations and liabilities incurred by him or it as General Partner before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

9.02 Admission of a Successor or Additional General Partner. A Person shall be admitted as a General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the General Partner or its successor (except pursuant to Sections 5.05 and/or 8.12) and the Special Limited Partner, and consented to by the Agency, and the Lender, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement, by executing a counterpart thereof, and (ii) all the terms and provisions of the Project Documents, by executing counterparts thereof, if requested by the Lender, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and an amended Certificate and, if required, an amendment to this Agreement evidencing the admission of such Person as a General Partner shall have been filed and all other actions required by Section 1.06 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, partnership, limited liability company, trust or other entity, it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of its authority to become a General Partner, to do business in the State and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a partnership for federal income tax purposes.

9.03 Events of Withdrawal of a General Partner.

(a) In the event of the Bankruptcy of a General Partner or the withdrawal, death or dissolution of a General Partner or an adjudication that a General Partner is incompetent (which term shall include, but not be limited to, insanity) the business of the Partnership shall be continued by the other General Partner(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent General Partner is then the sole General Partner, or if such General Partner withdraws from the Partnership in contravention of the provisions of Section 9.01(a) of this Agreement, then the Partnership shall be dissolved, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence, a majority in Interest of the other Partners elects to designate a successor General Partner and continue the Partnership upon the admission of such successor General Partner to the Partnership.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner, such General Partner shall immediately cease to be a General Partner and its Interest shall without further action be converted to an Investment Partner Interest, with rights and obligations substantially equivalent to the rights and

obligations of the Investment Partner (in proportion to their respective Interests); provided, however, that if such Bankrupt, dissolved, incompetent or deceased General Partner is the sole remaining General Partner, such General Partner shall cease to be a General Partner only upon the expiration of ninety (90) days after Notice to the Special Limited Partner of the Bankruptcy, death, dissolution or declaration of incompetence of such General Partner. Except as set forth above, such conversion of a General Partner Interest to an Investment Partner Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the General Partner's obligations under Section 8.08 herein) of the Bankrupt, deceased, dissolved or incompetent General Partner existing prior to the Bankruptcy, death, dissolution or incompetence of such person as a General Partner (whether or not such rights, obligations or liabilities were known or had matured).

(c) If, at the time of the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner, the Bankrupt, deceased, dissolved or incompetent General Partner was not the sole General Partner of the Partnership, the remaining General Partner or General Partners shall immediately (i) give Notice to the Limited Partners of such Bankruptcy, death, dissolution or adjudication of incompetence, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved or incompetent General Partner and his or its having ceased to be a General Partner. Such action or actions by the remaining General Partner or General Partners shall, in the event that permission of a bankruptcy court is necessary, be deemed to have been taken subject to Section 9.03(d) below. The remaining General Partner or General Partners are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Partners and the Partnership and to file such documents as may be required to effectuate the provisions of this Section 9.03.

(d) The General Partner, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agrees that in the event a General Partner should make application for or seek protection or relief under any of the Sections or Chapters of the United States Bankruptcy Code (for purposes of this Section 9.03, the "Bankruptcy Code"), or in the event that any involuntary petition is filed against a General Partner, then, in such event, any other Partner shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code, or otherwise, on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement, or otherwise. The foregoing shall in no way preclude, restrict or prevent the General Partner from filing for protection under the Bankruptcy Code.

(e) The Partners acknowledge and agree that this Agreement is a contract under which a Limited Partner is excused from accepting performance from the General Partner, its assignee or trustee, in the event that a General Partner makes application for or seeks protection under any of the Sections or Chapters of the Bankruptcy Code, or in the event that an involuntary petition is filed against such General Partner. The effect of this paragraph shall be that this Agreement is hereby deemed to be subject to the exceptions to assumption and assignment of contracts set forth in Sections 365(c)(1) and 365(e)(2)(A) of the Bankruptcy Code and that a Limited Partner, by its refusal to consent to an assumption or assignment of this Agreement by the General Partner, shall be able to prevent such assumption or assignment.

(f) In the event that a General Partner makes application for or seeks relief or protection under any of the Sections or Chapters of the Bankruptcy Code, or in the event that any involuntary petition is filed against said General Partner, then, in such event, any Partner may apply or move to the bankruptcy court in which such petition is filed for a change of venue to the bankruptcy court where the Partnership has its principal place of business, and the General Partner hereby agrees not to oppose or object to such application or motion in any way.

9.04 Restrictions on Transfer of Limited Partners' Interests.

(a) Prior to the first to occur of (i) the making by the Investment Partner of its final Capital Contribution pursuant to Section 5.01(c) or (ii) any event or occurrence described in Section 5.05(a) or Section 8.12(a) (the period prior to the first to occur of the events described in such two clauses, the "Restricted Period"), no offer, sale, transfer, assignment, hypothecation or pledge of the Limited Partner Interest of the Investment Partner or the Special Limited Partner shall be permitted unless the General Partner, in its reasonable discretion, shall have Consented thereto, and (if applicable) HUD shall have approved the Form 2530 associated with such transfer or unless the transferee is an Affiliate of such Limited Partner or Bank of America, N.A., as a lender with a security interest in such Limited Partner's Partnership Interest (the "Secured Lender") or the Secured Lender's successors or assigns.

(b) After the Restricted Period, an Investment Partner and/or the Special Limited Partner may at any time (but subject if applicable to obtaining any required approval of HUD of the Form 2530 associated with such transfer) transfer, sell, assign or pledge its Limited Partner Interest to any party, including any third party with the Consent of the General Partner in its reasonable discretion, except that no such Consent shall be required for transfers to (i) the Secured Lender, (ii) an Affiliate of Hudson Housing Capital LLC or an entity that is otherwise controlled by or under common control with Hudson Housing Capital LLC or (iii) Fannie Mae, an Affiliate of Fannie Mae or an entity that is otherwise controlled by or under common control with Fannie Mae. Such Investment Partner or the Special Limited Partner (on its own behalf or on behalf of another Limited Partner), as applicable, shall give Notice of such transfer, sale or assignment to the General Partner prior to or within a reasonable time after such transfer, sale or assignment (but no such notice shall be required in the case of a pledge or collateral assignment by an Investment Partner or the Special Limited Partner of its Limited Partner Interest).

(c) The General Partner shall promptly cooperate with any request by the Investment Partner in connection with the transfer, sale, assignment or pledge of its Limited Partner Interest, including by executing and delivering any certificates, documents or instruments, and causing to be delivered such opinions, in each case for the benefit of the transferee, purchaser, assignee or pledgee of such Limited Partner Interest, as the General Partner is required to deliver or cause to be delivered as a condition of the making by the Investment Partner of any Capital Contribution pursuant to Section 5.01(c), and by entering into any amendments to this Agreement or the exhibits hereto that such transferee, purchaser, assignee or pledgee may reasonably request provided that the same do not materially adversely affect the essential economic or other interests of the General Partner hereunder.

(d) Except for any transfer of the Limited Partners' Interests under Section 5.05, the Limited Partner whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Partnership in connection with such transfer, including payment of any real estate transfer taxes arising therefrom.

(e) Nothing in this Agreement shall limit the authority of a Limited Partner which is an entity or Hudson Housing Capital LLC to cause or permit the sale, transfer and/or assignment of equity interests within itself, in the sole discretion of that Limited Partner, or the Secured Lender (or its successors or assigns) upon an enforcement of the Secured Lender's rights and remedies, and no such sale, transfer or assignment shall be deemed to constitute a transfer of the Limited Partner Interest of such Limited Partner for any purpose hereof.

(f) Notwithstanding the foregoing, without the prior written consent of the General Partner, the Limited Partners shall not transfer their respective Interest in the Partnership to Alden Torch, Alden Torch Financial LLC, Alden Capital Partners, Hunt Capital Partners, HCP Pacific Asset Management, LLC, or Hunt Companies, Inc. or any other entity for which the General Partner provides reasonably detailed and specific examples (as determined by the Special Limited Partner in its reasonable discretion) of the Agency or any other state housing finance agency having experienced negative dealings with such entity relating to the exercise of a right of first refusal by a non-profit sponsor unless the General Partner, in its reasonable discretion, shall have Consented thereto; provided, however, that nothing herein shall be construed as limiting the right of a Limited Partner to transfer its Interest in the Partnership, either directly or indirectly, to any one or more Affiliates of Hudson Housing Capital LLC or Affiliates of Fannie Mae or to any one or more Persons that is controlled by or under common control with Hudson Housing Capital LLC or Fannie Mae.

9.05 Admission of Substitute Limited Partners.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of a Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Limited Partner of the Partnership only upon the satisfactory completion of the following:

(i) any Consent of the General Partner, the Special Limited Partner, the Lender, HUD and/or the Agency that is required by the terms of Section 9.04(b) or 9.04(c) or pursuant to applicable law shall have been given; any required Consent of the General Partner (and the Special Limited Partner, as applicable) may be evidenced by the execution by the General Partner of an amended Agreement and/or Certificate evidencing the admission of such Person as a Limited Partner pursuant to the requirements of the Act;

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the General Partner may reasonably require in order to effect the admission of such Person as a Limited Partner;

(iii) an amended Agreement and/or Certificate evidencing the admission of such Person as a Limited Partner shall have been filed for recording pursuant to the requirements to the Act, if necessary;

(iv) if the assignee is not a natural person, the assignee shall have provided the General Partner with evidence satisfactory to Counsel for the Partnership of its authority to become a Limited Partner under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Partnership for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership in connection with such assignment.

(b) For the purpose of allocation of Profits, Losses and Tax Credits, and for the purpose of distributing cash of the Partnership, a Substitute Limited Partner shall be treated as having become, and as appearing in, the records of the Partnership as a Partner upon its signing of an amendment to this Agreement, agreeing to be bound hereby.

(c) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as a Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Limited Partner of the conditions contained in this Article IX to the admission of such Person as a Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Limited Partner.

9.06 Rights of Assignee of Partnership Interest.

(a) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Limited Partner of its Interest until the Partnership has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Interest, but does not become a Substitute Limited Partner and desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.

9.07 Redemption of Limited Partnership Interests. The Investment Partner shall have the right, exercised by giving written notice to the Partnership at any time following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investment Partner for a redemption price of \$100, and the Partnership shall promptly so redeem such Interest, whereupon the Investment Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners. Upon exercise by the Investment Partner of the foregoing right, the Partnership shall also be entitled to redeem the Interest of the Special Limited Partner for a redemption price of \$10, following which the Special

Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners. Notwithstanding anything to the contrary contained herein, the Limited Partners shall have an absolute right to withdraw from the Partnership without the Consent of the General Partner any time after the end of the Compliance Period.

ARTICLE X

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

10.01 Management of the Partnership. No Limited Partner or the Class A Limited Partner shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner or the Class A Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No Limited Partner or the Class A Limited Partner shall have any power or authority with respect to the Partnership except insofar as the Consent of any Limited Partner shall be expressly required and except as otherwise expressly provided in this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be construed to limit any right, power or authority of the Special Limited Partner set forth herein; and if the Special Limited Partner shall elect to exercise the authority granted in Section 5.05(a)(C) and/or 5.05(a)(D), then to the extent that such exercise would otherwise be limited by the Act the Special Limited Partner shall be deemed to be a general partner of the Partnership for all purposes of this Agreement.

10.02 Limitation on Liability of Limited Partners. The liability of each Limited Partner shall be limited to its Capital Contribution as and when payable under the provisions of this Agreement, and as provided under the Act. No Limited Partner shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall any Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. No Limited Partner shall be obligated to make loans to the Partnership.

10.03 Other Activities. Any Limited Partner and any Affiliate thereof may engage in or possess interests in other business ventures of every kind and description for its own account, including without limitation, serving as general or limited partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

ARTICLE XI

SALE, DISSOLUTION AND LIQUIDATION

11.01 Dissolution of the Partnership. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

- (a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 9.03, unless a majority in Interest of the other Partners, within

ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence elects to designate a successor General Partner(s) and continue the Partnership upon the admission of such successor General Partner(s) to the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership;

(c) the election by the General Partner, with the Consent of a majority in interest of the other Partners; or

(d) any other event causing the dissolution of the Partnership under the laws of the State unless a majority in Interest of the Partners within ninety (90) days after receiving Notice of such event elects to continue the Partnership.

11.02 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 11.01, (i) a Certificate of Cancellation shall be filed in such offices within the State as may be required or appropriate, and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Section 11.02 and the net proceeds of such liquidation, except as provided in Section 11.02(b) below, shall be distributed in accordance with Section 7.05.

(b) It is the intent of the Partners that, upon liquidation within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g) ("Liquidation") of the Partnership, any Liquidation proceeds available for distribution to the Partners be distributed in accordance with positive Capital Account balances, and the Partners believe that distributions under Section 7.05 will effectuate such intent. In the event that, upon Liquidation, there is any conflict between a distribution pursuant to the Partners' respective Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 7.05, the Liquidator shall, notwithstanding the provisions of Sections 7.02 and 7.04, allocate the Partnership's gains, profits and losses in a manner that will cause the distribution of Liquidation proceeds to the Partners to be in accordance with the Partners' respective Capital Account balances. In any event, distributions in Liquidation (after taking into account all pre-liquidation distributions made pursuant to Section 7.04 or 7.05) shall be made in accordance with positive Capital Account balances no later than the end of the taxable year of such Liquidation or, if later, within ninety (90) days of such Liquidation.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute,

acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

(d) Upon the dissolution of the Partnership pursuant to Section 11.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

11.03 Obligation of Partners to Restore Deficit. In the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make Capital Contributions in the amount of such deficit in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3) but in no event shall such amount exceed 0.01% of the Capital Contributions of the Limited Partners plus (i) any amounts allocated to the General Partner under Section 7.10 and (ii) any amounts contributed by the General Partner to fund Operating Deficits under Section 7.02(g).

ARTICLE XII

BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.

12.01 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with generally accepted accounting principles. These and all other records of the Partnership, including tenant files and information relating to the status of the Apartment Complex and information with respect to the sale by the General Partner or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or his duly authorized representative, at any and all reasonable times. Any Partner, or his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Limited Partners.

12.02 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine with the Consent of the Special Limited Partner. Notwithstanding the foregoing, any such deposits or investments shall be made only with the Consent of the Special Limited Partner and the Capital One, and withdrawals shall be made only in the regular course of Partnership business for the conduct of the Partnership business pursuant to the terms of this Agreement on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

12.03 Accountants. The Accountants shall annually prepare for execution by the General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with generally accepted accounting principles, a balance sheet, a profit and loss statement, and a cash flow statement. A full detailed statement shall be furnished to all

Partners, showing such assets, properties, and net worth and the profits and losses of the Partnership for the preceding fiscal year. All Partners shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Partnership. Notwithstanding anything to the contrary contained herein, the Special Limited Partner shall have the discretion to dismiss the Accountants for cause if such Accountant fails to provide, or untimely provides, or inaccurately provides, the information required in this Agreement.

12.04 Reports to Partners.

(a) The General Partner shall cause to be prepared and distributed to all persons who were Partners at any time during a fiscal year of the Partnership:

(i) Within seventy-five (75) days after the close of each fiscal year of the Partnership, (1) draft financial statements of the Partnership (consisting of a balance sheet as of the end of such calendar year, statements of income and expenses, Partners' equity and changes in financial position) prepared in accordance with generally accepted accounting principles and accompanied by an auditor's report containing an opinion of the Accountant on which the Special Limited Partner shall comment, with final audited financial statements to follow within thirty (30) days, (2) audited financial statements of the General Partner, certified by the General Partner and prepared by the Accountants in accordance with generally accepted accounting principles, and (3) during the period that the Unconditional Guaranty remains outstanding, within one hundred fifty (150) days, audited financial statements of the Guarantor, certified by the Guarantor and prepared by accountants in accordance with generally accepted accounting principles;

(ii) Within sixty (60) days after the close of each fiscal year of the Partnership drafts of such financial information with respect to each fiscal year of the Partnership as shall be reportable for federal and state income tax purposes (including Schedules K-1) with final versions within ninety (90) days after the close of such fiscal year;

(iii) Within forty-five (45) days after the end of each fiscal quarter, a report of operations for such quarter containing:

(A) a balance sheet, which may be unaudited; and

(B) a statement of income and expense and a cash flow statement for the period then ended, which may be unaudited; and

(C) other pertinent information regarding the Partnership and its activities during the period covered by the report.

(b) Within sixty (60) days after the end of each fiscal year of the Partnership the General Partner shall provide to the Limited Partners:

(i) A certification by the General Partner that (A) all Construction Loan and/or Mortgage Loan, as applicable, payments and taxes and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is

any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof (with respect to such violations, the Special Limited Partner may ask for a separate stand-alone certification);

(ii) a descriptive statement of all transactions during the fiscal year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments);

(iii) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing;

(iv) the occupancy levels of the Apartment Complex during the preceding fiscal year;

(v) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such deficits will be funded; and

(vi) a report assessing the actual performance of the installed photovoltaic system as compared to the design performance identifying any deficiencies in power generation causing the system to perform at less than forecast capability.

(vii) a schedule of the applicable Unit Designations for purposes of the Average Income Test, and a certification by the General Partner and the Management Agent that the Apartment Complex remains in compliance with such Average Income Test, including all final or temporary regulations promulgated under Code Section 42(g)(1)(C) and other applicable guidance with respect thereto and that the Unit Designations remain unchanged from those set forth in Exhibit N attached hereto (unless any modifications have been Consented to by the Special Limited Partner) as well as copies of all annual tests and reporting required by the Agency and/or the IRS related to the Average Income Test, including (x) a calculation for the applicable fraction showing the average does not exceed 60% AMI; (y) the “qualified group of units” that constitutes 40% or more of the units used to satisfy the Average Income Test; and (z) any Unit Designation changes from the prior year.

(c) Upon the written request of the Limited Partners for further information with respect to any matter covered in items (a) or (b) above, the General Partner shall furnish such information within thirty (30) days of receipt of such request.

(d) Prior to October 15 of each year, the General Partner, on behalf of the Partnership, shall send to the Limited Partners an estimate of the Limited Partners’ share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current fiscal year.

(e) Within fifteen (15) days after the end of any calendar quarter during which any of the following events shall have occurred:

(i) there is a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt;

(ii) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established;

(iii) the General Partner has received any notice of a material fact which may substantially affect future distributions; or

(iv) any Partner has pledged or collateralized its Interest in the Partnership;

the General Partner shall send the Special Limited Partner a detailed report of such event.

(f) the General Partner, on behalf of the Partnership, shall send to the Special Limited Partner the following: (i) commencing on the date that Substantial Completion is achieved, applicable periodic reports covering the status of the Apartment Complex as may be required by the Agency or the Lender, within ten (10) days of submission of such reports to the Agency and/or applicable Lender; (ii) commencing on the date that Substantial Completion is achieved, all monthly operating statements prepared by the Management Agent within five (5) days of submission of such reports to the General Partner; (iii) commencing on the date that Substantial Completion is achieved, any other existing operating documents or reports prepared by the Management Agent promptly upon the request of the Special Limited Partner; (iv) commencing with the initial lease-up of the units in the Apartment Complex through the Compliance Period, within twenty (20) days of the end of each calendar month, rent rolls, income statements, balance sheets and a trial balance in an Excel format (or in such other form reasonably acceptable to the Special Limited Partner; (v) commencing with the start of construction, within seven (7) business days of the end of each calendar month, a monthly report depicting construction progress; and (vi) if the Partnership or the Apartment Complex benefits from any type of subsidy, insurance or other assistance provided by HUD, such information from time to time as may be required to be reported on a HUD Form 2530 by any "principal" of the Partnership (as such term is defined in regulations promulgated by HUD).

(g) In the event that the reports or information provided for in Sections 12.04(a)(i) or (ii) above are, at any time, not provided within the time frames set forth therein and after ten (10) days from Notice from the Special Limited Partner to the General Partner of such failure and continuing failure during such ten (10) day period by the General Partner to provide the reports and/or information identified in such Notice, the General Partner shall be obligated to pay to the Special Limited Partner the sum of \$50 per day, as liquidated damages, for each day from the date upon which such reports or information is(are) due (the "Due Date") pursuant to the provisions of the aforesaid Sections until the date upon which such reports or information is(are) received by the Investment Partner; provided however, that such liquidated damages shall equal \$100 per day commencing on the eighth day following the Due Date and \$150 per day commencing on the fifteenth day following the Due Date until the date upon which such information is received by the Investment Partner until the date upon which such information is received by the Investment Partner; provided

however that the amount of such liquidated damages shall not exceed \$5,000 in any year; provided however, that any delays beyond the aforesaid dates in the provision of the applicable reports or information due to factors beyond the control of the General Partner and the Accountants may, in the sole discretion of the Special Limited Partner, be a cause for waiver of the aforesaid liquidated damages, but only if the delayed reports or information were supplied by the applicable aforesaid date in a draft or estimated form.

(h) In the event that the reporting requirements set forth in any of the above provisions of this Section 12.04 are not met, the Special Limited Partner, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Special Limited Partner; provided, however, that if the General Partner and the Special Limited Partner cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Special Limited Partner in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

(i) In the event that there occurs an investigated criminal incident at the Apartment Complex, the General Partner shall, within five (5) business days, provide a report of such incident to the Special Limited Partner setting forth the nature of the incident, the parties involved and the time of such incident.

(j) The General Partner shall, at the cost and expense of the Partnership, make all filings required to be made by the Partnership under the Corporate Transparency Act. Each Partner covenants and agrees to timely provide the General Partner with such information concerning its direct or indirect legal owners, beneficial owners, economic owners and/or controlling persons (or that such Partner meets the criteria for an exemption) as necessary to enable the General Partner to cause the Partnership to fully and timely comply with the filing requirements set forth in the Corporate Transparency Act. The Limited Partners further agree that they shall share with the General Partner ownership information (including any changes in the ownership interest of the Limited Partners) which shall be necessary enable the General Partner to cause the Partnership to fully and timely comply with the filing requirements set forth in the Corporate Transparency Act. The General Partner covenants to use the information provided by the Limited Partners solely for the purposes described herein and not to disclose such information to any other Person for any other purpose without the Consent of the Special Limited Partner.

(k) The Partnership shall pay an annual Asset Management Fee to the Special Limited Partner in the amount of \$7,500 per annum (increased annually at 3% per annum) which fee shall be paid from Net Cash Flow on each Payment Date (commencing on the first Payment Date subsequent to December 1, 2027), which fee shall be paid solely from the Net Cash Flow of the Partnership available for distribution and in accordance with Section 7.03(a). In the event that the Net Cash Flow available on a particular Payment Date is insufficient to pay the Asset Management Fee in full for such year, the unpaid amount shall accrue and shall be payable commencing on the next applicable Payment Date until fully paid, from Net Cash Flow available in future years or if not fully paid when the Apartment Complex is sold, then from net proceeds of a Capital Transaction pursuant to Section 7.05(c)(i). The General Partner shall ensure that any accrued Asset Management Fee will be reflected in the annual audited financial statement.

12.05 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of the Special Limited Partner, based upon the advice of the Accountants, such election would be most advantageous to the Limited Partners. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

12.06 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the fiscal year of the Limited Partner holding a majority of the Percentage Interests, which ends at December 31. All Partnership accounts shall be determined on the accrual basis.

12.07 Partnership Audit Procedures.

(a) Defined Terms. For purposes of this Section 12.07, the following terms shall have the meanings set forth below:

Administrative Adjustment Request: An administrative adjustment request under Code Section 6227.

Adjustment Year: The Partnership taxable year in which (i) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under Code Section 6234, such decision becomes final, (ii) in the case of an Administrative Adjustment Request, such Administrative Adjustment Request is made, or (iii) in any other case, a notice of final Partnership Adjustment is mailed under Code Section 6231 or, if the Partnership waives the restrictions under Code Section 6232(b) (regarding limitations on assessment), the date the waiver is executed by the IRS.

Adjustment Year Partner: Any Person who held an interest in the Partnership at any time during an Adjustment Year.

Affected Partner: means at any point in time, with respect to any Administrative Adjustment Request or proposed Partnership Adjustment, any person who is a then current Partner or a Former Partner.

After-Tax Basis: With respect to any payment to be received by a Person (or, in the case of a pass-through entity, the partners or members of such Person), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including taxes, for which the payment to be received is made) imposed currently on such Person by any governmental entity or other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received; provided, however, for the purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the highest marginal rate.

Former Partner: Any Person who was a Reviewed Year Partner but is not an Adjustment Year Partner.

Imputed Underpayment: Has the meaning set forth in Section 6225 of the Code.

Indirect Partner: Any Person who has an interest in the Partnership through its interest in one or more Pass-Through Partners.

Partnership Adjustment: Any adjustment to any item of income, gain, loss, deduction, or credit of the Partnership, or any Partner's distributive share thereof, in either case as described in any applicable Regulations or other guidance prescribed by the IRS.

Pass-through Partner: A pass-through entity that holds an interest in the Partnership, including a partnership (as described in Treas. Reg. § 301.7701-2(c)(1) including a foreign entity that is classified as a partnership under Treas. Reg. § 301.7701-3(b)(2)(i)(A) or (c), an S corporation, a trust (other than a trust described in the next sentence) and a decedent's estate. For purposes of this definition, a pass-through entity does not include a disregarded entity described in Treas. Reg. § 301.7701-2(c)(2)(i) or a trust that is wholly owned by only one Person, whether the grantor or another Person, and the trust reports the owner's information to payors under Treas. Reg. § 1.671-4(b)(2)(i)(A).

Reviewed Year: The Partnership taxable year to which a Partnership Adjustment relates.

Reviewed Year Partner: Any Person who held an interest in the Partnership at any time during the Reviewed Year.

Revised Partnership Audit Rules: Subchapter 63C of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 and the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113), and the Treasury Regulations promulgated thereunder, as amended from time to time.

Taxes: Any tax, penalties, additions to tax, additional amounts, and interest as described in Section 6226 of the Code.

(b) Partnership Representative

(i) Appointment and Designation. The Partners hereby authorize the Partnership to appoint the General Partner as the initial partnership representative of the Partnership pursuant to Section 6223(a) of the Code (the "**Partnership Representative**"). The Partnership Representative shall timely designate, with the Consent of the Investment Partner, an individual to serve as the sole individual through whom the Partnership Representative will act for purposes of the Revised Partnership Audit Rules (the "**Designated Individual**"). The Designated Individual must agree in writing to be bound by the same obligations and restrictions imposed on the Partnership Representative under this Section 12.07 prior to and as condition of such designation.

(ii) Resignation; Revocation. The Partnership shall revoke the designation of the General Partner as the Partnership Representative for all taxable years during which such designation was in effect by written notice to the Partnership Representative and the IRS: (i) upon withdrawal or removal of the General Partner for any reason, (ii) upon request of the Investment Partner at any time from and after any event or occurrence described in Section 5.05(a), or (iii) upon request of the Investment Partner in the event of a default by the Partnership Representative or Designated Individual of its/his/her duties and obligations under this Section 12.07. The designation of the Designated Individual as the Designated Individual shall

automatically terminate on the effective date of the resignation or revocation of the applicable entity as Partnership Representative. If a Designated Individual becomes unable to perform the tasks required of a Designated Individual, no longer meets the requirements of the Revised Partnership Audit Rules, or the Partnership Representative otherwise determines that such individual should be removed as the Designated Individual, the Partnership Representative shall promptly notify the Investment Partner of such determination and take all necessary actions to effectuate the resignation of such individual as Designated Individual for all applicable taxable years. Notice of any revocation of a Partnership Representative or Designated Individual shall be given to the IRS in the time and manner prescribed by the IRS and shall include the designation of another Person selected by the Investment Partner as the successor Partnership Representative and/or the designation of another Person selected by the Partnership Representative (with the Consent of the Investment Partner) as the successor Designated Individual. The resigning or removed Partnership Representative and/or Designated Individual shall remain obligated hereunder in such capacity until the replacement is acknowledged by the IRS. The General Partner hereby constitutes and appoints the Investment Partner, with full power of substitution, its true and lawful attorney-in-fact in its name, place and stead to carry out fully the provisions of this Section 12.07(b)(ii) and take any action which the Investment Partner may deem necessary or appropriate in connection herewith. The power of attorney hereby granted shall be deemed to be coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, dissolution, resignation, revocation or other termination of the General Partner as the Partnership Representative.

(iii) Successor Partnership Representative. Any successor Partnership Representative and/or Designated Individual must satisfy all statutory and regulatory requirements imposed by the Revised Partnership Audit Rules and must agree in writing to be bound by the terms of this Section 12.07.

(iv) Notice of Communications; Cooperation. The Partnership Representative shall (i) promptly provide the Affected Partners a copy of any written notice of any inquiry, notice, or other communication received from the IRS or other applicable tax authority regarding the tax treatment of the Partnership or the Partners and promptly advise the Affected Partners of the form and substance of any oral communications with the IRS or other applicable tax authority, (ii) consult with the Affected Partners in good faith on the strategy and substance of any tax audit or contest and (iii) shall, to the extent possible, give the Affected Partners prior notice of and a reasonable opportunity to review and comment upon any written or oral communication the Partnership Representative intends to make to any such taxing authority in connection with any examination, audit or other inquiry involving the Partnership and the nature and content of all actions to be taken and defenses to be raised by the Partnership in response to any tax audit or contest (including without limitation the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise). Without limiting the generality of the foregoing, the Partnership immediately shall send to all Affected Partners copies of any notice of a proposed or final partnership adjustment received by the Partnership and/or the Partnership Representative from the IRS. To the extent requested by the Affected Partners and permitted under Treasury Regulations or by the IRS or other taxing authority in a particular tax audit or contest, the Partnership Representative shall cooperate in allowing the Affected Partners or its representative to participate, at its own expense, in such tax audit or contest.

(v) **Duties and Limitations on Authority.** The Partnership Representative and any Designated Individual shall have all power and authority of a partnership representative and designated individual, respectively, as set forth in Section 6223 of the Code, and shall represent the Partnership and its Partners in all dealings with the IRS and state and local taxing authorities. If the Partnership receives notice of a final Partnership Adjustment from the IRS, the Partnership Representative shall promptly so notify the Affected Partners, and if requested to do so by the Investment Partner, (i) the Partnership Representative shall file a petition for readjustment within the time frame required by Treasury Regulations or IRS guidance, and/or (ii) the Partnership Representative and the General Partner shall cause the Partnership to seek any and all available judicial review of such final Partnership Adjustment as is available under applicable law. Notwithstanding the foregoing, except as specifically provided in Section 12.07(b) below, the Partnership Representative shall not, without the Consent of the Investment Partner (and, in the case of (C), (D) and (F), the Investment Partner for the Reviewed Year), have any power or authority to do any or all of the following:

- (A) make an election to opt out of the application of the Revised Partnership Audit Rules to the Partnership;
- (B) make a Push-Out Election, or request a modification to an Imputed Underpayment;
- (C) file an Administrative Adjustment Request;
- (D) select any judicial forum for the litigation of any Partnership tax dispute;
- (E) extend the statute of limitations for the Partnership; or
- (F) take any other action (or fail to take any action) that would have the effect of finally determining any tax audit or contest.

(vi) **Fiduciary Relationship.** The relationship of the Partnership Representative to the Investment Partner shall be that of a fiduciary, and the Partnership Representative shall have a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Investment Partner.

(vii) **Indemnification.** To the extent of available funds, the Partnership shall indemnify the Partnership Representative against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the Partnership Representative in its capacity as the Partnership Representative, and not its capacity as a Partner or a Former Partner, in connection with any audit or administrative or judicial proceeding in which the Partnership Representative is involved solely by reason of being the Partnership Representative of the Partnership, provided that the same were not the result of negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement on the part of the Partnership Representative and were the result of a course of conduct which the Partnership Representative, in good faith, reasonably believed to be in the best interests of the Investment Partner and within the scope of its authority under this Section 12.07.

(c) **Modifications and Partnership Elections**

(i) **Modifications to Imputed Underpayment.** If requested to do so by the Investment Partner, the General Partner shall request modification of an Imputed Underpayment in accordance with any applicable Treasury Regulations, forms, instructions, and other guidance prescribed by the IRS. With any such request, the Investment Partner shall describe the modifications or adjustment factors that the Investment Partner believes affect the calculation of the Imputed Underpayment in sufficient detail to substantiate the request for modification and timely provide all required supporting documents or information.

(ii) **Amended Returns.** If requested to do by the Investment Partner, the Partnership Representative shall request a modification of an Imputed Underpayment based on an amended return (or, to the extent permitted by law, any similar statement) filed by a Partner (or its owners) that takes account of all of the Partnership adjustments properly allocable to such Partner (or its owners). Any such request shall be accompanied by an affidavit from the requesting Partner that each required amended return (or similar statement) has been filed and all Taxes due as a result of taking into account the adjustments in the first affected year and all modification years have been paid, as required by any applicable Regulations, forms, instructions, and other guidance prescribed by the IRS.

(iii) **Push-Out Election.** In the case of a Partnership Adjustment resulting in an Imputed Underpayment, the Investment Partner may, at its option, either: (A) request that the Partnership Representative make an election (a “Push-Out Election”) under Section 6226 of the Code with respect to the Imputed Underpayment, in which case the Partnership Representative shall timely make and implement such election, or (B) provide the Partnership with an agreement and assurance reasonably satisfactory to the General Partner that it will make a capital contribution (or in the case of a Former Partner, a payment) to the Partnership in an amount equal to its allocable share of such Imputed Underpayment (including interest and penalties); provided, however, that if and to the extent that the Partnership’s liability results from a loss, disallowance or recapture of Tax Credits for which a payment is owed by the General Partner under Section 8.08(c), the Investment Partner’s allocable share of the Imputed Underpayment shall be reduced by such amount, and such amount shall be paid by the General Partner to the Partnership (in addition to the General Partner’s allocable share of the Imputed Underpayment) and applied to payment of the Imputed Underpayment. If the Investment Partner fails to timely elect whether to make a Push-Out Election after notice from the General Partner, or the does not meet the requirements of clause (B) hereof, the General Partner may make a Push-Out Election without the Consent of the Investment Partner. Except as hereinafter provided, if a Push-Out Election is made, each Reviewed Year Partner shall take into account its allocable share of the Partnership Adjustments that relate to the specified Imputed Underpayment (as determined with the Consent of the Investment Partner for such Reviewed Year) and shall be liable for any Taxes as described in Section 6226 of the Code and any applicable Treasury Regulations or other guidance prescribed by the IRS.

(d) **Consistent Tax Treatment**

Except as hereinafter provided, each Partner agrees that its treatment on its own federal income tax return of each item of income, gain, loss, deduction, or credit attributable to the Partnership shall be consistent with the treatment of such items on the Partnership return, including the amount, timing, and characterization of such items. Notwithstanding the foregoing general requirement, any Partner may file a statement identifying certain items that are inconsistent (or

that may be inconsistent) in accordance with any applicable Treasury Regulations, forms, instructions, or other guidance provided by the IRS. Any such statement shall be attached to the Partner's tax return on which the item is treated inconsistently.

(e) Related Tax Items

(i) Tax Counsel or Accountants. The Partnership Representative, with the reasonable Consent of the Investment Partner, shall employ experienced tax counsel and/or accountants to represent the Partnership in connection with any audit or investigation of the Partnership by the IRS or any other taxing authority and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Such counsel and/or accountants shall be responsible for representing the Partnership; it shall be the responsibility of the Partners, at their expense, to employ tax counsel or accountants to represent their respective separate interests.

(ii) Survival. The rights and obligations of each Partner or Former Partner under this Section shall survive the transfer, redemption or liquidation by such Partner of its Partnership Interest and the termination of this Agreement or the dissolution of the Partnership.

(iii) Amendments. Upon the promulgation of revised Treasury Regulations implementing the Revised Partnership Audit Rules or upon further amendment of the Revised Partnership Audit Rules, the Partners will evaluate and consider options available with respect to preserving the allocation of responsibility and authority described in this Section 12.07, while conforming with the applicable provisions of the revised partnership audit procedures. The Partners agree to work together in good faith to make elections and amend this Agreement (if any party determines that an amendment is required) to maintain the intent of the parties with respect to the obligations and limitations of the Partnership Representative.

(iv) State and Local Income Tax Matters. The provisions of this Section 12.07 shall also apply to state and local income tax matters affecting the Partnership to the extent the terms and conditions hereof have any application to audit procedures at the state and local level.

ARTICLE XIII

AMENDMENTS

13.01 Proposal and Adoption of Amendments. This Agreement may only be amended in writing by a document executed by each of the Partners hereto.

ARTICLE XIV

VOTING AND MEETINGS

14.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Partner and received by the General Partner or the Person entitled to receive such Consent at or prior to the doing of the act or thing for which the Consent is solicited.

14.02 Submissions to Limited Partners. The General Partner shall give the Limited Partners Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such Notice shall include any information required by the relevant provision or by law.

14.03 Meetings; Submission of Matter for Voting. Subject to the provisions of Section 10.01, a majority in Interest of the Limited Partners shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.

ARTICLE XV

GENERAL PROVISIONS

15.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

15.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

15.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

15.04 Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

15.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the governance of the Partnership and the conduct of its Partnership business, and there are no representations, promises, agreements or understandings, oral or written, express or implied, with respect to such governance or business among them other than as set forth or incorporated herein.

15.06 Liability of the Investment Partner. Notwithstanding anything to contrary contained herein, neither the Investment Partner nor any of its members nor any of its partners, general or limited, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Investment Partner under this Agreement and the recourse of the Partnership and the General Partner shall be strictly limited to the Interest of the Investment Partner. In the event that the Investment Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Investment Partner, shall be against the Interest of the Investment Partner and there shall be no recourse liability to the Investment Partner or any of its members or partners for any deficiency.

15.07 Environmental Indemnification. The General Partner shall at all times indemnify and hold harmless the Partnership and the Limited Partners against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments, and expenses, of any nature whatsoever, suffered or incurred by the Limited Partners with respect to any remediation costs incurred by the Partnership, under or on account of the Environmental Laws or any similar laws or regulations, including the assertion of any lien thereunder or on account of any violation of the General Partner's representations, warranties, covenants or obligations as set forth in Section 4.01(t).

15.08 Notices.

To the Limited Partners: Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: Joseph A. Macari
Fax No.: (212) 218-4467

With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP
4800 Hampden Lane, Suite 200
Bethesda, Maryland 20814
Attention: Craig A. Emden
Fax No.: (213) 559-0747

To the General Partner: NCRC AG4 MGP LLC
9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attention: President/CFO
Fax No.: (909) 483-2448

With copies to: Klein Hornig LLP
1325 G Street, NW, Suite 770
Washington, DC 20005
Attention: Jessica Glynn Worthington, Esq.

To the Class A
Limited Partner: Waterman Affordable 4 LLC
715 East Brier Drive
San Bernardino, CA 92408

With copies to: Klein Hornig LLP
1325 G Street, NW, Suite 770
Washington, DC 20005
Attention: Jessica Glynn Worthington, Esq.

15.09 Power of Attorney. The Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Partners and the Partnership as shall be legally necessary and sufficient to effect all of the

provisions of Sections 5.05 and/or 8.12: provided, however, that the Special Limited Partner shall not exercise such Power of Attorney unless the documents necessary to effect such provisions of Sections 5.05 and/or 8.12 have been submitted to the General Partner. The General Partner shall not grant any other power of attorney without the Consent of the Special Limited Partner.

15.10 Interpretation. This Agreement has been negotiated at arms length and between parties who are sophisticated and knowledgeable in the subject matter hereof and who have been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law or legal decisions that would require interpretation of any ambiguity in this Agreement against the party that has drafted it shall not apply and are hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effectuate the intent of the parties and the purposes of the Partnership.

15.11 Indemnification. The General Partner shall, jointly and severally if more than one, defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of (i) the General Partner's or any designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation, any breach by any General Partner or any designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 4.01 or 4.02 or elsewhere in this Agreement, (ii) the AHSC Grant Documents, or (iii) the construction, maintenance or use of any off-site improvements required by the AHSC Grant Documents, in any case including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

15.12 Expense Reimbursement. Upon any request by the General Partner for additional debt, refinancings, the waiver of any Consent required by the Special Limited Partner hereunder, or any other requested variance from the terms and conditions set forth herein or the proposed development of the Apartment Complex, the General Partner shall reimburse the Limited Partners for their costs and the costs of their Affiliates incurred by the Limited Partners and their Affiliates in connection with such requests, including, but not limited to, accounting costs, legal fees and engineering costs. Without limitation, the foregoing shall apply in connection with modifying or amending this Agreement or any of the other Project Documents in connection with any permanent loan conversions or financings, funding of Capital Contributions by any Partner or any other amendments or modifications to this Agreement or any of the other Project Documents.

15.13 TCAC Required Reserve Provisions. Notwithstanding any language to the contrary in the Agreement, for the full term of the Extended Use Agreement, all funds in all project reserve accounts shall remain with the project to be used for the benefit of the property and/or its residents.

15.14 Capital One Provision. Capital One, or a limited partner or member (including without limitation a bank, insurance company, government sponsored entity (such as the Federal Home Loan Mortgage Corporation or Fannie Mae) or another financial institution) in any entity that is a Partner (such limited partner or member and Capital One being referred to herein as a "Related Mortgagee") at any time may make, guarantee, own, acquire or otherwise credit enhance,

in whole or in part, a loan secured by a mortgage or other security instrument encumbering the Apartment Complex (any such loan being referred to as a “Related Mortgage Loan”). Under no circumstances will a Related Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Partner by virtue of such Related Mortgage Loan. A Related Mortgagee may take any actions that the Related Mortgagee, in its sole discretion, determines to be advisable in connection with a Related Mortgage Loan (including in connection with the enforcement of a Related Mortgage Loan). By acquiring an interest in the Partnership, each Partner acknowledges that no Related Mortgagee owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever solely by virtue of such Related Mortgagee being a limited partner or member in a Partner; provided, however, that the foregoing shall not relieve the Related Mortgagee of any obligation to act in good faith or otherwise alter the obligations of the Investment Partner under this Agreement or under the laws of the State. Neither the Partnership nor any Partner will make any claim against a Related Mortgagee, or against the Partner in which the Related Mortgagee is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Related Mortgage Loan and the Related Mortgagee’s status as a limited partner or member of a Partner. In recognition of the above and based on the prior disclosure of relationships, the parties to this Agreement acknowledge that Capital One or Capital One’s affiliate shall have a substantial ownership interest and shall constitute an Investor in the Investment Partner.

NO FURTHER TEXT ON THIS PAGE

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Arrowhead Grove Phase 4 LP, as of the date first written above.

GENERAL PARTNER:

NCRC AG4 MGP LLC,
a California limited liability company

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Name: Michael Ruane
Title: President

CLASS A LIMITED PARTNER:

WATERMAN AFFORDABLE 4 LLC,
a California limited liability company

By: Housing Authority of the County of San
Bernardino, a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Name: Maria Razo
Title: President & CEO

[signatures continued on next page]

[signatures continued from preceding page]

SPECIAL LIMITED PARTNER:

HUDSON SLP LLC,
a Delaware limited liability company

By: _____
Name: Robert J. Castano
Title: Authorized Signatory

INVESTMENT PARTNER:

HUDSON ARROWHEAD LP,
a Delaware limited partnership

By: _____
Name: Robert J. Castano
Title: Authorized Signatory

[signatures continued on next page]

[signatures continued from preceding page]

WITHDRAWING LIMITED PARTNER:

SOUTHERN CALIFORNIA AFFORDABLE
HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____
Name: Michael Ruane
Title: President

**AS A CONSENTING PARTY WITH RESPECT
TO THE PROVISIONS OF SECTION 8.13:**

NATIONAL COMMUNITY RENAISSANCE OF
CALIFORNIA,
a California nonprofit public benefit corporation

By: _____
Name: Michael Ruane
Title: President

EXHIBITS

- A. Partnership Management Fee Agreement
- B. Development Agreement
- C. Description of Property
- D. Unconditional Guaranty
- E. Certification and Agreement
- F. Development Budget
- G. Insurance Guidelines
- H. Projections
- I. Security Plan
- J. Social Services Agreement
- K. Right of First Refusal and Option Agreement
- L. Certificate of General Partner - Payment of _____ Capital Contribution
- M. Post-Closing - Required Due Diligence Checklist Items
- N. Unit Designations
- O. Contractor's Pay-Off Letter

EXHIBIT A
PARTNERSHIP MANAGEMENT FEE AGREEMENT

PARTNERSHIP MANAGEMENT FEE AGREEMENT

THIS AGREEMENT is entered into as of [_____, 2025] by and among Arrowhead Grove Phase 4 LP, a California limited partnership (the “Partnership”), NCRC AG4 MGP LLC, a California limited liability company (the “General Partner”).

WHEREAS, the General Partner executed a Certificate of Limited Partnership (the “Certificate”), pursuant to the California Uniform Limited Partnership Act, for the formation of the Partnership, which Certificate was subsequently filed with the Office of the Secretary of State of California on March 4, 2024 and, as of March 4, 2024, the General Partner and Southern California Affordable Housing Corporation, as the Initial Limited Partner, executed an Agreement of Limited Partnership; and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a ninety-two (92) unit (including one manager’s unit) in seven (7) buildings (including one community building) multifamily apartment complex intended for rental to persons of low and moderate income and homeless, to be known as Arrowhead Grove Phase IV, and to be located in San Bernardino, California (the “Apartment Complex”); and

WHEREAS, as of even date herewith, the General Partner, Hudson SLP LLC, a Delaware limited liability company (the “Special Limited Partner”) and Hudson Arrowhead LP, a Delaware limited partnership (the “Investment Partner”) (collectively, the “Limited Partners”) and Waterman Affordable 4 LLC, a California limited liability company (the “Class A Limited Partner”) executed an Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) to (i) continue the Partnership; (ii) admit the Limited Partners to the Partnership as Limited Partners; (iii) admit the Class A Limited Partner to the Partnership as the Class A Limited Partner; (iv) withdraw the Initial Limited Partner from the Partnership; (v) reassign Interests in the Partnership; and (vi) set forth all of the provisions governing the Partnership; and

WHEREAS, the Partnership desires that the General Partner provides certain management services with respect to the business of the Partnership for the period commencing as of the date hereof and continuing throughout the term of the Partnership.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

(1) Appointment. The Partnership hereby appoints the General Partner to render services in managing and administering the Partnership during the term of the Partnership as herein contemplated.

(2) Authority. In conformity with the provisions of the Partnership Agreement, throughout the term of the Partnership, the General Partner shall have the authority and the obligation, which authority and obligation may, subject to the provisions of the Partnership Agreement, be exercised by the General Partner to:

(i) administer, manage and direct the business of the Partnership, and take such further action as it may deem necessary or desirable to further the interest of the Partnership in accordance with the provisions of the Partnership Agreement;

(ii) monitor the day-to-day operations of the Apartment Complex and make recommendations with respect thereto;

(iii) investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants and other similar advisors, attorneys, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers, insurance agents and banks) and persons acting in any other capacity, in connection with the Partnership;

(iv) maintain appropriate books and records of the Partnership in accordance with generally accepted accounting principles and in conformity with the requirements of the Lender, including information relating to the sale by the General Partner or any Affiliate of goods or services to the Partnership;

(v) be responsible for the safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts in accordance with Section 13.02 of the Partnership Agreement;

(vi) prior to October 15 of every year, furnish or cause to be furnished to all Persons who were Partners at any time during the Partnership's fiscal year, preliminary tax information regarding the Partnership and its operations during the current fiscal year;

(vii) on or before the sixtieth day of every calendar year, furnish or cause to be furnished to all Persons who were Partners at any time during the Partnership's prior fiscal year, all tax information regarding the Partnership and its operation during the prior fiscal year which is reasonably necessary to the Partners for their preparation of their tax returns;

(viii) provide reports to Partners required pursuant to Section 12.04 of the Partnership Agreement;

(ix) furnish or cause to be furnished to the Partners copies of any and all financial reports that may be requested by any party(ies) to any of the Project Documents or any governmental agencies having jurisdiction, including copies of any financial statements required by the Lender;

(x) furnish or cause to be furnished to the Partners and/or any party(ies) to any of the Project Documents all such information as they may reasonably request from time to time with respect to the financial and administrative conditions of the Apartment Complex and the Partnership; and

(xi) provide office space, support staff and administrative services as required by the Partnership.

(3) Fees. For services to be performed under this Partnership Management Fee Agreement, the Partnership shall pay the General Partner, solely from the Net Cash Flow of the Partnership available pursuant to Section 7.03(a) of the Partnership Agreement, an annual Partnership Management Fee. Such annual fee shall be in an amount as set forth in Section 8.10 of the Partnership Agreement, and payable in accordance with Sections 7.03(a) and 7.05.

(4) General Partner Obligation. In the event that (i) any General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement and the Partnership Agreement, or (ii) any General Partner shall have been removed pursuant to Section 8.12 of the Partnership Agreement, then such General Partner shall be in default of this Agreement, and the Partnership shall withhold payment of all or any installment of fees payable to such General Partner pursuant to Section 3 of this Agreement and Section 8.11 of the Partnership Agreement.

All amounts so withheld by the Partnership under this Section 4 shall be promptly released to such General Partner, only after such General Partner has cured the default justifying the withholding, as demonstrated to the reasonable satisfaction of the Special Limited Partner unless such General Partner shall have been removed pursuant to the Partnership Agreement.

(5) Successors and Assigns; Termination. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. In the event that the Interest of a General Partner as General Partner is transferred pursuant to Section 9.01 of the Partnership Agreement, such General Partner shall be entitled to payment of the Partnership Management Fee earned through the effective date of such transfer (prorated for any partial year) but payment of such Fee shall be made to the transferee General Partner with respect to any period thereafter. The parties hereto may terminate this Agreement upon mutual consent to do so.

(6) Defined Terms. Capitalized terms used in this Agreement and not specifically defined herein shall have the same meanings assigned to them as in the Partnership Agreement.

(7) Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

(8) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

(9) No Continuing Waiver. The waiver of any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

(10) Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties have caused this Partnership Management Fee Agreement to be duly executed as of the date as first written above.

PARTNERSHIP:

Arrowhead Grove Phase 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company
its General Partner

By: National Community Renaissance of
California,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

GENERAL PARTNER:

NCRC AG4 MGP LLC,
a California limited liability company

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

EXHIBIT B
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of [_____, 2025], among Arrowhead Grove Phase 4 LP, a California limited partnership (the “Partnership”) and National Community Renaissance of California, a California nonprofit public benefit corporation (“National CORE”), and Housing Authority of the County of San Bernardino, a California nonprofit public benefit corporation (“HACSB”, and together with National CORE, the “Developer”).

WHEREAS, the General Partner executed a Certificate of Limited Partnership (the “Certificate”), pursuant to the California Uniform Limited Partnership Act, for the formation of the Partnership, which Certificate was subsequently filed with the Office of the Secretary of State of California on March 4, 2024 and, as of March 4, 2024, the General Partner and Southern California Affordable Housing Corporation, as the Initial Limited Partner, executed an Agreement of Limited Partnership; and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a ninety-two (92) unit (including one manager’s unit) in seven (7) buildings (including one community building) multifamily apartment complex intended for rental to persons of low and moderate income and homeless, to be known as Arrowhead Grove Phase IV, and to be located in San Bernardino, California (the “Apartment Complex”); and

WHEREAS, as of even date herewith, the General Partner, Hudson SLP LLC, a Delaware limited liability company (the “Special Limited Partner”) and Hudson Arrowhead LP, a Delaware limited partnership (the “Investment Partner”) (collectively, the “Limited Partners”) and Waterman Affordable 4 LLC, a California limited liability company (the “Class A Limited Partner”) executed an Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) to (i) continue the Partnership; (ii) admit the Limited Partners to the Partnership as Limited Partners; (iii) admit the Class A Limited Partner to the Partnership as the Class A Limited Partner; (iv) withdraw the Initial Limited Partner from the Partnership; (v) reassign Interests in the Partnership; and (vi) set forth all of the provisions governing the Partnership; and

WHEREAS, the Partnership desires to appoint the Developer to provide certain services for the Partnership with respect to overseeing the development of the Apartment Complex until all development work is completed.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

(1) Appointment. The Partnership hereby appoints the Developer to render services for the Partnership, and confirms and ratifies the appointment of the Developer with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Apartment Complex as herein contemplated.

(2) Authority. In conformity with the provisions of the Partnership Agreement, the Developer shall have, and has had, the authority and the obligation to:

(i) act on behalf of the Partnership in its relation with any governmental agency or authority and any Construction Loan and/or Mortgage Loan lender with respect to all matters relating to the construction and development of the Apartment Complex;

(ii) select the architect ("Architect"), coordinate the preparation of the plans and specifications (the "Plans and Specs") and recommend alternative solutions whenever design details affect construction feasibility or schedules;

(iii) ensure that the Plans and Specs are in compliance with all applicable codes, laws, ordinances, rules and regulations;

(iv) negotiate all necessary contracts and subcontracts (other than the Construction Contract) for the construction of the Apartment Complex;

(v) choose the products and materials necessary to equip the Apartment Complex in a manner which satisfies all requirements of the Mortgage Loan and the Plans and Specs;

(vi) monitor disbursement and payment of amounts owed to the Architect and the subcontractors;

(vii) ensure that the Apartment Complex is constructed free and clear of all construction and mechanics' and materialmen's liens;

(viii) obtain an Architect's certificate that the work on the Apartment Complex is substantially complete, and inspect the Architect's work;

(ix) secure all building code approvals and obtain certificates of occupancy for all of the Residential Units of the Apartment Complex;

(x) cause construction of the Apartment Complex to be completed in a prompt and expeditious manner, consistent with good workmanship, and in compliance with the following:

(a) the Plans and Specs as they may be amended by the agreement of the parties hereto and with the consent of the mortgagee under the Mortgage Loan;

(b) any and all obligations of the Partnership under the Mortgage Loan Documents; and

(c) any and all zoning regulations, county ordinances, including health, fire and safety regulations, and any other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Apartment Complex;

(xi) cause to be performed in a diligent and efficient manner the following:

- (a) construction of the Apartment Complex pursuant to the Plans and Specs, including any required off-site work; and
- (b) general administration and supervision of the construction of the Apartment Complex, including but not limited to activities of subcontractors and their employees and agents, and others employed as to the Apartment Complex in a manner which complies in all respects with the Mortgage Loan Documents and the Plans and Specs;
- (xii) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;
- (xiii) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;
- (xiv) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts;
- (xv) deliver to the Partnership a dimensioned as-built survey of the real property (locating only buildings) and as-built drawings of the Apartment Complex construction;
- (xvi) provide, and periodically update Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;
- (xvii) investigate and recommend a schedule for purchase by the Partnership of all materials and equipment requiring long lead time procurement, coordinate the schedule with Architect and expedite and coordinate delivery of such purchases;
- (xviii) prepare pre-qualification criteria for bidders interested in the Apartment Complex, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods;
- (xix) receive bids, prepare bid analyses and make recommendations to the Partnership for award of contracts or rejection of bids;
- (xx) coordinate the work of the Architect to complete the Apartment Complex in accordance with the objectives as to cost, time and quality, and provide sufficient personnel at the Apartment Complex with authority to achieve such objectives;
- (xxi) provide a detailed schedule of realistic activity sequences and durations, allocation of labor and materials and processing of shop drawings and samples;
- (xxii) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates,

review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(xxiii) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

(xxiv) revise and refine the approved estimate of construction costs, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(xxv) provide regular monitoring of the approved estimate of rehabilitation cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected costs exceed budgets or estimates;

(xxvi) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

(xxvii) develop and implement a procedure for the review and processing of applications by subcontractors for progress and final payments;

(xxviii) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples; and

(xxix) record the progress of the Apartment Complex and submit written progress reports to the Partnership and Architect, including the percentage of completion and the number and amounts of change orders.

(3) Development Fee. For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership agrees to pay the Developer a Development Fee in the amount of [Seven Million Four Hundred Ninety-Eight Thousand Nine Hundred Eighty-Seven Dollars (\$7,498,987)] (the Development Fee shall be paid 50% to National CORE and 50% to HACSB except for items (ii) and (iii) below which shall be paid 100% to National CORE). The parties agree that the Investment Partner shall have no duty to calculate or pay the individual Development Fee payment amounts to National CORE and to HACSB, respectively, and that any payment of Development Fee by the Partnership to the Developer, using proceeds of a Capital Contribution made by the Investment Partner, shall be the sole responsibility of the Partnership and not the Investment Partner. Of such Development Fee, a portion (the "Cash Development Fee") shall be paid as follows: (i) [\$0] shall be paid as of the date hereof; (ii) [\$1,999,494] of such Cash Development Fee shall be paid to National CORE not less than sixty (60) days after date on which the General Partner's Capital Contribution I has been made to the Partnership and provided that construction is progressing on schedule and within budget, (iii) [\$1,999,494] of such Cash Development Fee shall be paid to National CORE not less than sixty (60) days after date on which the General Partner's Capital Contribution II has been made to the Partnership and provided that construction is progressing on schedule and within budget, and (c) the balance shall be paid to the Developer from the proceeds of the Third Capital Contribution (less \$150,000) and Fourth Capital Contribution, to the extent funds are available. After the payment of the Fourth Capital Contribution, to the extent any portion of the Development Fee remains unpaid (the "Deferred Development Fee"), such balance shall be paid from Net Cash Flow as set forth in Article VII of

the Partnership Agreement. On each Payment Date, the Partnership shall pay to the Developer (up to the remaining balance of the Deferred Development Fee due hereunder) an amount equal to the amount distributable pursuant to Section 7.03(a) of the Partnership Agreement and upon the occurrence of a Capital Transaction, the Partnership shall pay an amount set forth in Section 7.05 of the Partnership Agreement until the Deferred Development Fee is paid in full. If the Partnership has not dissolved at the end of the Compliance Period, any outstanding balance of the Development Fee shall be payable. Notwithstanding anything to the contrary contained herein, payment of any portion of the Development Fee shall only be made if, in the reasonable determination of the Special Limited Partner, all sources of funding remain In-Balance and subsequent to the payment of all costs, fees and the funding of required reserves as per the Development Budget. Any outstanding principal balance of Development Fee shall not bear interest. The Development Fee shall be deemed earned as it is paid, but in all events shall be earned in its entirety as of the date the Apartment Complex is placed in service for purposes of Section 42 of the Code. In the event that less than fifty percent (50%) of the aggregate basis of any building included in the Apartment Complex and the Land on which such building is located (including an allocable portion of the Development Fee hereunder) is, at any time, as of the end of the first year of the Credit Period, financed from the proceeds of tax-exempt obligations, then the Development Fee shall automatically be reduced, to the extent necessary to cause the amount of such tax-exempt proceeds to be greater than 50% of such aggregate basis.

(4) Obligation Regarding Fee Payments. The Developer acknowledges and agrees that the provisions of Articles V and VIII of the Partnership Agreement may be applied so as to cause the General Partner to pay Excess Development Costs and, that if the General Partner does not meet such obligation, all or a portion of the Development Fee may be applied to meet such obligations, the Development Fee shall be treated as having been paid to the Developer and the Developer as having fulfilled such obligation and the Developer shall take such amount of the Development Fee into income for federal income tax purposes. In the event that the Developer is in default under this Agreement after Notice and a sixty (60) day opportunity to cure such default shall have expired, the Partnership may terminate this Agreement and withhold any payments due hereunder; provided, however, that if such default occurs after the date the Fourth Capital Contribution is due and payable by the Investment Partner, the Development Fee shall remain due and owing subject to the provisions of the Partnership Agreement, particularly Section 8.11 thereof.

(5) Successors and Assigns, Termination. This Agreement shall be binding on the parties hereto, their heirs, successors, and assigns. However, this Agreement may not be amended or assigned by any party hereto without the Consent of the Special Limited Partner, nor may it be terminated without the Consent of the Special Limited Partner; such Consent shall not be unreasonably withheld. In the event that the General Partner or its successor(s) is (are) removed from the Partnership pursuant to Section 8.12 of the Partnership Agreement, any further payment of installments of the Development Fee pursuant to Section 3 above shall be governed by such Section 8.12.

(6) Defined Terms. Capitalized terms used in this Agreement and not specifically defined herein shall have the same meanings assigned to them as in the Partnership Agreement.

(7) Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic

purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

(8) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

(9) No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

(10) Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date as first written above.

PARTNERSHIP:

Arrowhead Grove Phase 4 LP,
a California limited partnership,

By: NCRC AG4 MGP LLC,
a California limited liability company
its General Partner

By: National Community Renaissance of
California,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

DEVELOPER:

National Community Renaissance of California,
a California nonprofit public benefit corporation

By: _____
Name: Michael Ruane
Title: President

Housing Authority of the County of San
Bernardino, a California nonprofit public benefit
corporation

By: _____
Name: Maria Razo
Title: President & CEO

EXHIBIT C
DESCRIPTION OF PROPERTY

EXHIBIT D
UNCONDITIONAL GUARANTY

UNCONDITIONAL GUARANTY

FOR VALUE RECEIVED, and in consideration for Hudson SLP LLC, a Delaware limited liability company and Hudson Arrowhead LP, a Delaware limited partnership (collectively, the “Limited Partner”) contributing the Capital Contribution and acquiring a combined 99.99% limited partnership interest in Arrowhead Grove Phase 4 LP, a California limited partnership (the “Partnership”), the undersigned National Community Renaissance of California, a California nonprofit public benefit corporation, (hereinafter referred to as “National CORE”) (the “Guarantor”), on a joint and several basis, unconditionally and irrevocably guarantees the timely payment in full of all of the payment obligations of NCRC AG4 MGP LLC, a California limited liability company, the general partner of the Partnership (the “General Partner”) as set forth in Sections 4.01(ggg), 4.01(hhh), 4.01(iii), 4.02(ff), 4.02(gg), 5.01(a)(iv), 5.01(d), 5.05, 8.08, 8.12(c)(ii), 11.03, 15.07 and 15.11 of the Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) of the Partnership and that certain Certification and Agreement, each dated as of the date hereof. In addition, in the event that the Partnership has not paid all or part of the Development Fee when the final payment is due pursuant to the Development Agreement or if the General Partner is removed under Section 8.12 of the Partnership Agreement, the Guarantor shall make a payment to the Partnership an amount equal to any such remaining balance and the Partnership shall thereupon make a payment in an equal amount to the Developer to pay off the balance of the Development Fee. All terms not defined herein shall be defined as in the Partnership Agreement. This Unconditional Guaranty is made and entered into as of [_____, 2025].

Guarantor covenants and agrees that neither its obligations to make payment in accordance with the terms of this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the General Partner, or any remedy for the enforcement thereof resulting from the operation of any present or future provision of the bankruptcy laws or other statute, or from the decision of any court, nor shall such obligation or remedy for enforcement be impaired, modified, changed, released or limited in any manner by such event of bankruptcy. Without limiting the generality of the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code (“CC”) Section 2819, and agrees that by doing so the liability of Guarantor shall continue even if any obligations of the General Partner under the Partnership Agreement are altered in any respect or the Limited Partners’ remedies or rights against the Partnership or the General Partner are in any way waived, impaired or suspended without our consent.

Guarantor further covenants and agrees that the execution and delivery and the observance and performance of this Guaranty by said Guarantor does not and will not conflict with or result in a breach of the terms or provisions of any existing rule, regulation or order of any court or governmental body or of any indenture, agreement or instrument to which Guarantor is party, or by which it is bound, or to which it is subject, or constitute a default thereunder, and that this Guaranty has been duly executed and delivered by Guarantor and constitutes a valid and binding Guaranty enforceable in accordance with its terms.

This Guaranty is a guaranty of payment and not of collection and is not conditioned or contingent upon the genuineness, validity, regularity or enforceability of the Partnership Agreement. Without limiting the effect of any other provision herein, Guarantor waives any and all benefits and defenses under CC Sections 2787 through 2855, inclusive, 2899, and 3433 or any

successor sections, including, without limitation, any right to require the Partnership or the Limited Partners to (a) proceed against the Partnership and/or the General Partner; (b) proceed against or exhaust any security held by the Partnership and/or the General Partner; or (c) pursue any other remedy in the Partnership's or the Limited Partners' power whatsoever.

Guarantor agrees that by waiving any and all benefits and defenses under CC Section 2809, Guarantor's liability may be larger in amount and more burdensome than that of the Partnership and/or the General Partner. Guarantor agrees that by waiving all benefits and defenses under CC Section 2810, Guarantor is liable even if the Partnership or the General Partner had no liability at the time of execution of the Partnership Agreement or thereafter ceases to be liable.

Guarantor agrees that by waiving all benefits and defenses under CC Sections 2847, 2848 and 2849, it shall have no right of subrogation or reimbursement against the Partnership or the General Partner, no right of subrogation against any collateral or security provided for in the Partnership Agreement and no right of contribution against any other guarantor or pledgor unless and until all amounts due by the General Partner under the Partnership Agreement have been paid in full and the Limited Partners have released, transferred or disposed of all of its right, title and interest in any collateral or security. To the extent Guarantor's waiver of these rights of subrogation, reimbursement or contribution as set forth herein are found by a court of competent jurisdiction to be void or voidable for any reason, Guarantor agrees that all rights of subrogation and reimbursement against the Limited Partners and all rights of subrogation against any collateral or security shall be junior and subordinate to the Limited Partners' rights against the Partnership or the General Partner and to the Limited Partners' right, title and interest in such collateral or security, and all rights of contribution against any other guarantor or pledgor shall be junior and subordinate to the Limited Partners' rights against such other guarantor or pledgor.

This Guaranty shall not be subject to any reduction, limitation, impairment, revocation or termination for any reason (other than the indefeasible payment in full in cash of any indebtedness or performance of the obligations), including but not limited to any claim of waiver, release, surrender, alteration or compromise of any of the indebtedness, and shall not be subject to any defense or setoff, counterclaim, recoupment, revocation or termination whatsoever, whether by reason of the invalidity, illegality or unenforceability of the indebtedness, the obligations or otherwise. Guarantor waives all presentments, demands for performance, notices of non-performance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty. Guarantor shall be jointly and severally liable for the obligations hereunder with any other guarantor thereof. Notwithstanding the foregoing, Guarantor shall be promptly provided with copies of any notices of default and/or demands for payment delivered to the General Partner by the Limited Partners pursuant to the terms of the Partnership Agreement.

It is expressly understood and agreed that any claim made by the Partnership or a Limited Partner against Guarantor pursuant to this Guaranty shall not preclude the Partnership or the Limited Partners from making a claim against Guarantor for future payments. Any payment made by Guarantor pursuant to this Guaranty shall satisfy the obligation of the Partnership or the General Partner, as the case may be, to make such payment, as if the Partnership or the General Partner, as the case may be, had made such payment itself.

The obligation hereunder of Guarantor shall (i) survive the death of the Guarantor and shall be binding upon the heirs, personal representatives and estate of such deceased Guarantor the same as though such death had not occurred; (ii) run to the benefit of any transferee or assignee of

interests of either Limited Partner in the Partnership, and (iii) survive the removal, withdrawal or Bankruptcy of the General Partner or the transfer of the General Partner's interest (or a change in ownership of the General Partner) as further outlined in Section 8.12 of the Partnership Agreement. All rights, powers and remedies of the Partnership and the Limited Partners hereunder shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to the Partnership and the Limited Partners by law or in equity.

Guarantor represents that it has read such of the documents given in connection with the Partnership Agreement as it or he deems it necessary or desirable to read and that it or he understands the terms of the Partnership Agreement and this Guaranty, including, without limitation, the effect of each of the waivers contained herein, and is competent to execute this Guaranty. If any provision of this Guaranty shall be held to be invalid or unenforceable either generally or as to any particular set of circumstances, all other provisions hereof shall nevertheless remain valid and enforceable in accordance with their terms.

If any clause or provision herein contained operates or would prospectively operate to invalidate this Guaranty in whole or in part, then such clauses and provisions only shall be held for naught as though not contained herein, and the remainder of the Guaranty shall remain operative and in full force and effect.

Guarantor covenants that not later than April 15th of each year, audited financial statements of the Guarantor prepared by accountants in accordance with generally accepted accounting principles shall be delivered to the Special Limited Partner.

The Guarantor warrants having established with the Partnership and the General Partner adequate means of obtaining, on an ongoing basis, such information as the Guarantors may require concerning all matters bearing on the risk of nonpayment or nonperformance of the obligations. The Guarantor assumes sole, continuing responsibility for obtaining such information from sources other than from the Partnership or the Limited Partners. Neither the Partnership nor the Limited Partners shall have any duty to provide any information to the Guarantor.

The Guarantor hereby waives and agrees not to assert or take advantage of (1) all duty or obligation on the part of the Limited Partners to perfect, protect, not impair, retain or enforce any security for the payment of any indebtedness or performance of any of the other obligations guaranteed hereby, or (2) the defense of the statute of limitations and all suretyship defenses and defenses in the nature thereof in any action hereunder or in any action for the collection of any indebtedness or the performance of any other obligations guaranteed hereby.

This Guaranty shall be construed and enforced in accordance with the laws of the State of California.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties have caused this Unconditional Guaranty to be duly executed as of the date first written above.

GUARANTOR:

National Community Renaissance of California,
a California nonprofit public benefit corporation

By: _____

Name: Michael Ruane

Title: President

EXHIBIT E
CERTIFICATION AND AGREEMENT

ARROWHEAD GROVE PHASE 4 LP

CERTIFICATION AND AGREEMENT

CERTIFICATION AND AGREEMENT made as of [____, 2025], by and among ARROWHEAD GROVE PHASE 4 LP, a California limited partnership (the “Property Partnership”), NCRC AG4 MGP LLC, a California limited liability company, (the “Property General Partner”) and WATERMAN AFFORDABLE 4 LLC, a California limited liability company, (the “Property Class A Limited Partner”), to HUDSON ARROWHEAD LP, a Delaware limited partnership (the “Investment Partner”); HUDSON HOUSING CAPITAL LLC, a Delaware limited liability company (“HHC”); and HUDSON SLP LLC, a Delaware limited liability company (the “Special Limited Partner”).

1. Representations, Warranties and Covenants of the Property Partnership and the Property General Partner

The Property Partnership, the Property General Partner and the Property Class A Limited Partner represent, warrant and certify to the Investment Partner, HHC and the Special Limited Partner that, with respect to the Property Partnership, as of the date hereof:

1.1 The Property Partnership is duly organized and in good standing as a limited partnership pursuant to the laws of the state of its formation with full power and authority to own its apartment complex (the “Apartment Complex”) and conduct its business; the Property Partnership and the Property General Partner have the power and authority to enter into and perform this Certification and Agreement; the execution and delivery of this Certification and Agreement by the Property Partnership and the Property General Partner have been duly and validly authorized by all necessary action; the execution and delivery of this Certification and Agreement, the fulfillment of its terms and consummation of the transactions contemplated hereunder do not and will not conflict with or result in a violation, breach or termination of or constitute a default under (or would not result in such a conflict, violation, breach, termination or default with the giving of notice or passage of time or both) any other agreement, indenture or instrument by which such Property Partnership or the Property General Partner are bound or any law including, without limitation, any Anti-Corruption Laws, regulation, judgment, decree or order applicable to such Property Partnership, the Property General Partner or the Apartment Complex; this Certification and Agreement constitutes the valid and binding agreement of the Property Partnership and the Property General Partner, enforceable against each of them in accordance with its terms.

1.2 The Property General Partner has delivered to the Special Limited Partner and the Investment Partner all documents and information which are material to a decision by the Special Limited Partner and the Investment Partner to invest in the Property Partnership (the Investment Partner and Special Limited Partner are hereinafter sometimes collectively referred to as the “Limited Partners”). All factual information provided to HHC and the Limited Partners or their affiliates, either in writing or orally, did not contain at the time given and does not contain on the date hereof, any untrue statement of a material fact or, to the knowledge of the Property General

Partner, omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they are made.

1.3 Except as previously disclosed to the Limited Partners or HHC, neither the Property Partnership, the Property General Partner, the Property Class A Limited Partner nor any affiliate or anyone acting on behalf of any of the foregoing has, either directly or indirectly or through any agent, sold, offered for sale, solicited offers to buy, or otherwise approached offerees for or negotiated in respect of, any interest in such Property Partnership or the Apartment Complex; except as previously disclosed to the Limited Partners or HHC, neither the Property Partnership, the Property General Partner nor any affiliate thereof, has previously dealt with, nor is presently under commitment to, any real estate, securities or other broker, rental agent, finder or other intermediary with respect to the interests being acquired by the Investment Partner in the Property Partnership and in the Apartment Complex or any portion thereof, except for their arrangements with the Limited Partners and HHC; and the Property General Partner shall indemnify and hold harmless the Limited Partners and HHC, and their respective affiliates, agents and assignees from any and all claims of any real estate, securities or other broker, rental agent, finder or other intermediary with respect to the acquisition by the Limited Partners of their interest in the Property Partnership and in the Apartment Complex, and, at the request of the Special Limited Partner, the Property General Partner shall assume the defense of any judicial action(s) that might arise in connection with any such claim(s).

1.4 Each of the representations and warranties of the Property General Partner and Property Class A Limited Partner contained in the Amended and Restated Agreement of Limited Partnership of the Property Partnership (the "Property Partnership Agreement") which provides for the admission of the Limited Partners as limited partners of the Property Partnership is true and correct as of the date hereof.

1.5 Each of the covenants and agreements of the Property Partnership and the Property General Partner contained in the Property Partnership Agreement has been duly performed to the extent that performance of any covenant and agreement is required on or prior to the date hereof.

1.6 All conditions to admission of the Special Limited Partner as an investment limited partner of the Property Partnership contained in the Property Partnership Agreement have been satisfied, except to the extent that a condition to admission is the Special Limited Partner's completion of due diligence.

1.7 No default has occurred and is continuing under the Property Partnership Agreement or the Project Documents (as such term is defined in the Property Partnership Agreement), for the Property Partnership.

2. Indemnification and Contribution With Respect to Securities Matters

2.1 The Property General Partner (for purposes of this Section 2.1, the "Indemnifying Party"), agrees to indemnify and hold harmless the Limited Partners and HHC (for purposes of this Section 2.1, the "Indemnified Parties" or, individually, an "Indemnified Party") and each officer, director, employee and person, if any, who controls any party within the meaning of the applicable securities laws against any injury, loss or damage (including, but not by way of limitation, reasonable attorneys' fees, court costs, and amounts paid in settlement of any claims,

which settlement has been mutually agreed to by them and the party against whom such claim has been made) resulting from the claims of any person with respect to any liability arising under the Securities Act of 1933 or the Securities Exchange Act of 1934 or the laws or regulations of any state or other jurisdiction, which claims are based upon alleged fraud, deceit, or untrue statement or alleged untrue statement of a material fact, or the omission or alleged omission to state a material fact required to be stated or necessary to make the statements not misleading, with respect to or based upon information furnished or statements made by the Indemnifying Party to the Indemnified Parties, in connection with the acquisition by the Limited Partners from or through it of Interests in the Property Partnership or the offer or sale of limited partnership interests in the Investment Partner. This indemnity agreement shall remain in full force and effect until the termination of the Partnership Agreement notwithstanding any investigation made by any party hereto, shall survive the termination of any agreement which refers to this indemnity and shall be in addition to any liability which the Indemnifying Party may otherwise have.

2.2 HHC (for purposes of this Section 2.2, the “Indemnifying Party”) agrees to indemnify and hold harmless the Property General Partner (for purposes of this Section 2.2 the “Indemnified Party”) and each officer, director, employee and person, if any, who controls it within the meaning of the applicable securities laws against any injury, loss or damage (including, but not by way of limitation, reasonable attorneys’ fees, court costs and amounts paid in settlement of any claims, which settlement has been mutually agreed to by it and the party against whom said claim has been made), incurred as the result of claims made by any person under the Securities Act of 1933 or the Securities Exchange Act of 1934 or the laws or regulations of any state or jurisdiction in connection with the acquisition by the Limited Partners of Interests in the Property Partnership or the offer or sale of limited partnership interests in the Investment Partner, except to the extent that such claim arises out of or is based upon alleged fraud, deceit or untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact with respect to information or statements furnished by the Property General Partner in connection with such offer or sale of limited partnership interests in the Property Partnership or the Investment Partner. This indemnity agreement shall remain in full force and effect until the expiration of the fifteen year Compliance Period notwithstanding any investigation made by any party hereto, shall survive the termination of any agreement which refers to this indemnity and shall be in addition to any liability which the Indemnifying Party may otherwise have.

2.3 No Indemnifying Party shall be liable under the indemnity agreements contained in Section 2.1 or Section 2.2 unless the Indemnified Party shall have notified such Indemnifying Party in writing within ten (10) business days after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Indemnified Party or any such of its officers, directors, employees or controlling persons, but failure to notify an Indemnifying Party of any such claim shall not relieve it from any liability which it may have to the Indemnified Party or any such of its officers, directors, employees or controlling persons against whom action is brought otherwise than on account of its indemnity agreement contained in Section 2.1 or Section 2.2. In case any action is brought against any Indemnified Party or any such of its officers, directors, employees or controlling persons upon any such claim, and it notifies the Indemnifying Party of the commencement thereof as aforesaid, the Indemnifying Party shall be entitled to participate at its own expense in the defense, or, if it so elects, in accordance with arrangements satisfactory to any other Indemnifying Party or parties similarly notified, to assume the defense thereof, with counsel who shall be satisfactory to such Indemnified Party or any such of its officers, directors, employees or controlling persons and any other Indemnified Parties who

are defendants in such action; and after notice from the Indemnifying Party to such Indemnified Party or any such of its officers, directors, employees or controlling persons of its election so to assume the defense thereof and the retaining of such counsel by the Indemnifying Party, the Indemnifying Party shall not be liable to such Indemnified Party or any such of its officers, directors, employees or controlling persons for any legal or other expenses subsequently incurred by such Indemnified Party or any such of its officers, directors, employees or controlling persons in connection with the defense thereof, other than the reasonable costs of investigation.

2.4 If the right to indemnification provided for in Section 2.1 or Section 2.2 of this Certification and Agreement or any portion thereof or application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, a right of contribution shall exist on the part of the Indemnified Party(ies) (hereinafter collectively referred to as “contribution recipient”) to the extent of ninety percent (90%) of any and all losses, claims, damages, expenses or liabilities to which a contribution recipient may become liable. In such event, and upon the incurring by a contribution recipient of any such loss, claim, damage, expense or liability and the giving by such contribution recipient of written notice thereof to the Indemnified Party(ies) (hereinafter collectively referred to as “contributor”), the contributor shall promptly pay to such contribution recipient an amount equal to ninety percent (90%) of any such loss, claim, damage, expense or liability incurred by such contribution recipient as aforesaid. Notwithstanding the foregoing, no person guilty of fraudulent misrepresentations within the meaning of Section 11(f) of the Securities Act of 1933, as amended, shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against him or it in respect of which a claim for contribution may be made against another party or parties, notify such other party or parties. Failure so to notify such other party or parties shall not relieve such other party or parties from any other obligation it or they may have hereunder or otherwise. If such other party or parties are so notified, such other party or parties shall be entitled to participate in the defense of such action, suit, proceeding or claim at their own expense or in accordance with arrangements satisfactory to all parties who may be required to contribute. After notice from such other party or parties to the party entitled to contribution of its or their own defense, the party or parties so electing shall not be liable for any legal or other expenses of litigation subsequently incurred by the party entitled to contribution in connection with the defense thereof, other than the reasonable costs of investigation. No party shall be required to contribute with respect to any action or claim settled without its consent.

3. Miscellaneous

3.1 This Certification and Agreement is made solely for the benefit of the Limited Partners, HHC and the Property General Partner (and, to the extent provided in Section 2, the officers, directors, partners, employees and controlling persons referred to therein), and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement, and the term “successors and assigns” as used herein shall not include any purchaser, as such, of any of the Interests in the Investment Partner.

3.2 This Certification and Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Certification and Agreement.

3.3 This Certification and Agreement shall be construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals to this Certification and Agreement as of the date first above written.

PARTNERSHIP:

Arrowhead Grove Phase 4 LP,
a California limited partnership,

By: NCRC AG4 MGP LLC,
a California limited liability company
its General Partner

By: National Community Renaissance of
California,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

GENERAL PARTNER:

NCRC AG4 MGP LLC,
a California limited liability company

By: National Community Renaissance of
California, a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Name: Michael Ruane
Title: President

[signatures continue on the following page]

[signatures continued from preceding page]

CLASS A LIMITED PARTNER:

Waterman Affordable 4 LLC,
a California limited liability company

By: Housing Authority of the County of San
Bernardino, a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Name: Maria Razo
Title: President & CEO

[signatures continued on next page]

[signatures continued from preceding page]

With respect to Sections 2.2, 2.3 and 2.4 only:

HUDSON HOUSING CAPITAL LLC,
a Delaware limited liability company

By: _____

Name: Robert J. Castano

Title: Authorized Signatory

EXHIBIT F
DEVELOPMENT BUDGET

EXHIBIT G
INSURANCE GUIDELINES

EXHIBIT H
PROJECTIONS

EXHIBIT I
SECURITY PLAN

EXHIBIT J
SOCIAL SERVICES AGREEMENT

EXHIBIT K
RIGHT OF FIRST REFUSAL AND OPTION AGREEMENT

EXHIBIT L

CERTIFICATE OF GENERAL PARTNER

ARROWHEAD GROVE PHASE 4 LP, A CALIFORNIA LIMITED PARTNERSHIP

PAYMENT OF _____ CAPITAL CONTRIBUTION

Pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of Arrowhead Grove Phase 4 LP, a California limited partnership dated as of [_____, 2025] (the “Partnership Agreement”) by and among (1) NCRC AG4 MGP LLC, a California limited liability company, as General Partner, (the “General Partner”), (2) Waterman Affordable 4 LLC, a California limited liability company, as Class A Limited Partner (the “Class A Limited Partner”), (3) Hudson Arrowhead LP, a Delaware limited partnership, as the Investment Partner, and (4) Hudson SLP LLC, a Delaware limited liability company, as the Special Limited Partner ((3) and (4) together, the “Limited Partners”), the General Partner and Class A Limited Partner hereby certifies to the Limited Partners as of _____ (the “Certification Date”) as follows:

(1) The representations, warranties, and covenants in Section 4.01 and 4.02 of the Partnership Agreement are true and accurate as of the Certification Date.

(2) The General Partner and Class A Limited Partner and the Partnership are not in default of any of their obligations under the Partnership Agreement or under the Project Documents, as of the Certification Date.

(3) There has been no material adverse change to the facts disclosed by the due diligence conducted by the Special Limited Partner prior to the Initial Closing with respect to the General Partner, the Class A Limited Partner, the Apartment Complex, and the Guarantor.

(4) All the conditions for the funding of the _____ Capital Contribution set forth in the Partnership Agreement have been satisfied.

(5) The Partnership is in compliance with the Insurance Guidelines.

(6) The Apartment Complex remains in compliance with the Minimum Set-Aside Test.

(7) The CHAP or the HAP Contract, as the case may be, remains in full force and effect and the Partnership will receive (or is receiving) rental assistance payments pursuant to the HAP Contract at no less than applicable Approved Rent Levels.

(8) The Apartment Complex is in compliance with such Average Income Test, including all final or temporary regulations promulgated under Code Section 42(g)(1)(C) and other applicable guidance with respect thereto, and that the Unit Designations remain unchanged from those set forth in Exhibit N attached to the Partnership Agreement (unless any modifications have been Consented to by the Special Limited Partner).

[signatures begin on next page]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the Certification Date.

GENERAL PARTNER:

NCRC AG4 MGP LLC
a California limited liability company

By: National Community Renaissance of
California,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

CLASS A LIMITED PARTNER:

Waterman Affordable 4 LLC,
a California limited liability company

By: Housing Authority of the County of San
Bernardino, a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Name: Maria Razo
Title: President & CEO

EXHIBIT M
POST-CLOSING DUE DILIGENCE CHECKLIST



Post-Closing Due Diligence Checklist

**Arrowhead Grove Phase 4
San Bernardino, California**

■

EXHIBIT N
UNIT DESIGNATIONS

EXHIBIT O

<<< COMPANY LETTERHEAD >>>

CONTRACTOR'S PAY-OFF LETTER

[DATE]

Hudson Housing Capital LLC
630 Fifth Ave, 28th Floor
New York, New York 10111

VIA EMAIL

Re: [Property Name and Address]

Dear Mr. Anbar:

This is to confirm the following:

1. [[General Contractor]] has been paid to date in the amount of [[\$X,XXX,XXX]] as evidenced by the attached unconditional lien waivers from the Contractor and Subcontractors.
2. The outstanding balance, including punch list and retention on the abovementioned construction contract and including all pending change orders (as evidenced by the attached pending change order log) and all amounts owed to all Subcontractors and suppliers for the project, is [[\$X,XXX,XXX]].
3. There will be no additional change orders.
4. Submitted with this letter are conditional lien waivers from the Contractor and Subcontractors for all amounts less retainage, punch list items, and/or other amounts owed.

Furthermore, the Contractor acknowledges that to the extent punch list items remain to be completed, such punch list shall be completed within 60 days of the date of this letter.

Sincerely,

Name
Title
General Contractor

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (this “**Agreement**”) is dated and effective as of [_____, 2025], by and among Arrowhead Grove Phase 4 LP, a California limited partnership (the “**Partnership**”) and National Community Renaissance of California, a California nonprofit public benefit corporation recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code (the “**NCRC Grantee**”), and Housing Authority of the County of San Bernardino, a California nonprofit public benefit corporation (the “**HACSB Grantee**,” and together with the NCRC Grantee, or on an individual basis, if and as applicable, the “**Grantee**”).

BACKGROUND

WHEREAS, Partnership is governed by that certain Amended and Restated Agreement of Limited Partnership dated of even date herewith (the “**Partnership Agreement**”) and was formed to acquire, construct and operate a ninety-two (92) unit multifamily apartment complex (including one (1) resident manager unit) intended for rental to low and moderate income families to be known as Arrowhead Grove Phase IV, and located in San Bernadino, California (the “**Apartment Complex**”) on the land more particularly described on the attached Exhibit A;

WHEREAS, NCRC Grantee is the sole member of NCRC AG4 MGP LLC, a California limited liability company, the general partner of the Partnership (“**General Partner**”), and HACSB Grantee is the sole member of Waterman Affordable 4 LLC, a California limited liability company, the class A limited partner of the Partnership (“**Class A Limited Partner**”), and Hudson Arrowhead LP, a Delaware limited partnership and Hudson SLP LLC, a Delaware limited liability company are the sole limited partners of the Partnership (the “**Limited Partners**”).

WHEREAS, Partnership desires to give, grant, bargain, sell and convey to Grantee, or such other governmental or qualified Section 501(c)(3) organization as may be designated by Grantee, certain rights to purchase the Apartment Complex on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Refusal Right.

a. In the event that during the Refusal Right Period (defined below), Partnership receives a Bona Fide Offer (defined below) to purchase the Apartment Complex, Grantee will have a right of first refusal to purchase the Apartment Complex (the “**Refusal Right**”) on and subject to the terms and conditions set forth in this Agreement. Partnership will not sell the Apartment Complex to anyone other than the Grantee or a Permitted Assignee pursuant to this Agreement, during the Compliance Period or the Refusal Right Period, unless and until the Refusal Right has expired under Paragraph 2 hereof.

b. For purposes of this Agreement, a “**Bona Fide Offer**” shall mean a written

offer from an unrelated third party (*i.e.*, a Person who is not a Partner, an Affiliate of a Partner, Grantee or an Affiliate of Grantee), to acquire the Apartment Complex which sets forth in commercially customary and reasonable detail the price, deposit, payment terms, feasibility period, time for closing and other material terms of acquisition. Any offer received by Partnership from an unrelated third party shall be deemed a Bona Fide Offer unless (a) it materially fails to comply with the standard stated in the previous sentence, and (b) within seven (7) business days of Partnership's receipt of the offer, Partnership advises the offeror with specificity of any such material failure. Partnership or its General Partners shall be permitted to solicit offers; however, in no event will it be required to do so.

2. Refusal Right Period. The Refusal Right Period will be for a total period of two years following the expiration of the Compliance Period (the "**Refusal Right Period**"), with the HACSB Grantee having the Refusal Right during the first eighteen (18) months, and the NCRC Grantee having the Refusal Right for the remaining Refusal Right Period if not exercised by the HACSB Grantee. The Refusal Right shall expire at the close of the Refusal Right Period, if not exercised, waived or lapsed as provided herein. The right of first refusal granted under this Section (2) shall be unenforceable by a particular Grantee in the event that Grantee's "Related Partner" (as defined below) is in default under the terms of the Partnership Agreement and shall terminate as to such Grantee in the event of a removal of that Grantee's "Related Partner". Upon removal of such defaulting General Partner and/or Class A Limited Partner (as the case may be), the right of first refusal shall be unenforceable by the Grantee related to the remaining Partner until the remaining Partner has received the Consent of the Special Limited Partner to continue to act as the General Partner or Class A Limited Partner (as the case may be) pursuant to Section 8.12(b) of the Partnership Agreement. The NCRC Grantee's Related Partner is the General Partner, and the HACSB Grantee's Related Partner is the Class A Limited Partner. Notwithstanding the foregoing, if the HACSB Grantee's Related Partner is removed as the Class A Limited Partner of the Partnership and the Special Limited Partner has Consented to allowing the NCRC Grantee's Related Partner to continue to act as the General Partner pursuant to Section 8.12(b) of the Partnership Agreement, the NCRC Grantee's right of first refusal shall commence upon the later of (i) the end of the Compliance Period and (ii) the date of the HACSB Grantee's Related Partner's removal and such right of first refusal shall terminate on the last day of the Refusal Right Period.

3. Qualified Grantee or Assignee. The foregoing grant of the Refusal Right will be effective only if Grantee is a governmental entity or qualified nonprofit organization, as defined in Section 42(i)(7) of the Code, at the time of the Offer Notice (as defined in Paragraph 4 below) and remains such at all times as of (a) the date that the Refusal Right is exercised and the resulting purchase and sale closes, or (b) the date that the Refusal Right has been assigned to a Permitted Assignee (defined below). Any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned will be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Paragraph 11 hereof meeting the requirements of Section 42(i)(7)(A) of the Code.

4. Offer Notice. Promptly upon Partnership's receipt during the Compliance Period or the Refusal Right Period of a Bona Fide Offer, Partnership will notify Grantee and Limited Partners and deliver to it a copy of any such offer (such notification from Partnership the "**Offer Notice**"). The Offer Notice shall include Partnership's good faith estimate of the Refusal Purchase

Price (as defined below).

5. Refusal Right Purchase Price. The purchase price for the Apartment Complex (the “**Refusal Purchase Price**”) pursuant to the Refusal Right will be equal to the greater of (i) \$100 or (ii) the sum of (a) the amount of outstanding indebtedness secured by the Apartment Complex (determined in accordance with Section 42(i)(7) of the Code) as well as the amount of any Partner Loans made in accordance with Section 8.16 of the Partnership Agreement; (b) the amount of federal, state and local tax liability projected to be imposed on the Partnership or its Partners (or the owners or members of the Partners) as a result of such sale, including any tax liability on amounts paid with respect to federal income taxes under this clause (b) and any real estate transfer taxes; (c) the amount of any unreimbursed deficiency in Credits recognized by the Limited Partners with respect to the Apartment Complex as compared to the Projected Credits but not including any Operational Reduction Amount due to Changes in Tax Law as defined in the Partnership Agreement; and (d) any other outstanding amounts owed to the Special Limited Partner and the Limited Partners pursuant to the Partnership Agreement.

6. Exercise of Refusal Right. In the event that Grantee elects to exercise the Refusal Right, it must give Partnership and the Limited Partners written notice of its intent to exercise the Refusal Right and purchase the Apartment Complex for the Refusal Purchase Price (the “**Exercise Notice**”) within ninety (90) days of its receipt of the Offer Notice, which Exercise Notice will specify a date for payment of the Refusal Purchase Price and delivery of the deed not more than one hundred eighty (180) days after Grantee’s delivery of the Exercise Notice. Grantee shall have no Refusal Right hereunder with respect to a Bona Fide Offer if it fails to give the Exercise Notice within ninety (90) days of receiving the Offer Notice from Partnership. Promptly upon receipt of the Exercise Notice, Partnership will advise Grantee of its determination of the Refusal Purchase Price and the calculation thereof under Paragraph 5 above, provided that such determination shall be subject to the Consent of the Limited Partners, which shall not be unreasonably withheld as to any Refusal Purchase Price determined properly in accordance with this Agreement.

7. Grant of Option to Purchase. Partnership hereby grants to Grantee an option (the “**Purchase Option**”) to purchase the Apartment Complex for a period of two years following the expiration of the Compliance Period, with the HACSB Grantee having the Purchase Option during the first eighteen (18) months, and the NCRC Grantee having the Purchase Option for the remaining six (6) months if not exercised by the HACSB Grantee, on and subject to the terms and conditions specified herein. The option granted under this Section 7 shall be unenforceable in the event the General Partner is in default under the terms of the Partnership Agreement and shall terminate in the event of a removal of the General Partner; *provided further*, the Purchase Option granted under this Section (7) shall be unenforceable by the HACSB Grantee in the event the Class A Limited Partner is in default under the terms of the Partnership Agreement and shall terminate as to only the HACSB Grantee in the event of a removal of the Class A Limited Partner.

8. Purchase Option Purchase Price. The purchase price for the Apartment Complex pursuant to the Purchase Option (“**Purchase Option Price**”) will be the greater of the following amounts: (a) the amount set forth in Paragraph 5 above, or (b) the fair market value of the Apartment Complex. Upon receipt of an Option Notice (defined below), Partnership and Grantee shall exercise their best efforts in good faith to agree on the purchase price for the Apartment Complex. Any such agreement shall be subject to the prior written consent of the Investor Limited

Partner. If the parties fail to agree or the Limited Partners fails to consent, then the purchase price for the Apartment Complex shall be determined by appraisal conducted by an experienced appraiser selected by Grantee and approved by the Investor Limited Partner. The appraiser, in the appraiser's professional judgement, may assume that the Apartment Complex will remain subject to the existing Extended Use Agreement and Regulatory Agreement.

9. Exercise of Option. In the event that Grantee elects to exercise the Purchase Option, it will give Partnership and the Limited Partners written notice thereof (the "**Option Notice**") and will specify a date for payment of the Purchase Option Price and delivery of the deed not more than one hundred eighty (180) days after Grantee's delivery of the Option Notice. Subject to the prior consent of the relevant lenders, Grantee may pay all or a portion of the Purchase Option Price by assuming the existing indebtedness of Partnership; provided that any portion of the Purchase Option Price in excess of the existing indebtedness of Partnership will be paid in cash. Partnership agrees upon request of Grantee to use its best efforts to obtain the consent of all required lenders to such assumption.

10. Alternative Purchase of Partnership Interests. In addition to and notwithstanding the foregoing:

a. Grantee may, at its election, in lieu of a direct acquisition of the Apartment Complex pursuant to the Purchase Option, acquire the interests (but not less than all of such interests) of the partners in Partnership (the "**Partnership Interests**"). The purchase price for the Partnership Interests pursuant to the Purchase Option will be the greater of the following amounts: (a) the amount set forth in Paragraph 5(b)(c) and (d) above, or (b) the fair market value of the Partnership Interests. Grantee and the Limited Partners shall exercise their best efforts in good faith to agree on the purchase price for Partnership Interests. If the parties fail to agree, with respect to the Purchase Option, the fair market value of Partnership Interests shall be determined by appraisal conducted by an experienced appraiser selected by Grantee and approved by the Investor Limited Partner. The appraiser, in the appraiser's professional judgement, may assume that the Apartment Complex will remain subject to the existing Extended Use Agreement and Regulatory Agreement. In no event shall the purchase price be less than an amount equal to the cash which would be payable and/or distributable to the Limited Partner and Special Limited Partner assuming for all purposes such distributions are made in accordance with capital transaction distribution provisions of the partnership agreement (but without regard to the partners' capital account balances and assuming the residual distribution is 89.995% to the General Partner, 0.005% to the Class A Limited Partner, 9.999% to the Limited Partner, and 0.001% to the Special Limited Partner) if the Apartment Complex were sold to a third party for "fair market value." For purposes of this calculation, the fair market value of the Apartment Complex shall be determined by the Appraiser as set forth above.

b. If the Section 42(i)(7) of the Code is amended to permit the owner of a low-income housing tax credit project to grant a "right of first refusal to purchase partnership interests" as opposed to a "right of first refusal to purchase the Apartment Complex" without adversely affecting the status of the Owner as owner of the Apartment Complex for federal income tax purposes, the Grantee may, at its election, in lieu of a direct acquisition of the Apartment Complex pursuant to the Refusal Right, acquire the Partnership Interests for a purchase price to each partner equal to the amount which would be distributable to each such partner under the Partnership

Agreement upon liquidation of the Partnership following any sale of the project under the Refusal Right at the Purchase Price as calculated under Section 5, which shall not be less than the minimum purchase price required under Section 42(i)(7) of the Code.

11. Assignment. With the Consent of the Limited Partners, Grantee may assign its Refusal Right or its Purchase Option under this Agreement to any of the following provided such assignee then qualifies as an organization described in Section 42(i)(7)(A) of the Code and agrees to maintain the Apartment Complex as low- and moderate-income housing: (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the Code, or (b) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Apartment Complex (each a “**Permitted Assignee**”). Prior to any assignment or proposed assignment of its rights hereunder, Grantee will give written notice thereof to Partnership, the General Partner and the Limited Partners. Upon any permitted assignment hereunder, references in this Agreement to Grantee will mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of rights hereunder will be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of the obligations of Grantee under this Agreement and copies of such written agreement are delivered to Partnership, the General Partner, the Class A Limited Partner and the Limited Partners. Except as specifically permitted herein, Grantee’s rights hereunder will not be assignable.

12. Investor Rights. Except as provided in this Agreement, the solicitation of offers of purchase by the General Partner pursuant to and in accordance with this Agreement shall not require the consent of the Limited Partners.

13. Governing Law. This Agreement will be construed in accordance with the laws of the State of California in order to effectuate the purposes of this Agreement.

14. Covenants to Run with the Land. The covenants and agreements set forth herein will be revised as required so that they may be recorded against and run with title to the Apartment Complex and the underlying land. The covenants and agreements set forth herein will be binding upon and will inure to the benefit of the successors and assigns of the respective parties hereto. This Agreement shall be unconditionally subordinate in all respect to the lien, security interest and rights provided to [(i) the lender of the Tax-Exempt Project Loan and (ii) the lender of the AHSC Loan], and any extensions, modifications, or renewals of the indebtedness secured by the [Tax-Exempt Project Loan and/or the AHSC Loan]. This Agreement shall automatically terminate upon the transfer of the Apartment Complex by foreclosure of either the [Tax-Exempt Project Loan or the AHSC Loan], or by deed in lieu of foreclosure. This Agreement and this Section 14 may not be amended or modified in any respect without the consent of Lender, and any unauthorized amendment or modification of this Agreement or this Section 14 without Lender’s consent shall be void ab initio and of no effect whatsoever.

15. Counterparts. This Agreement may be executed in separate counterparts or counterpart signature pages, which together will constitute a single agreement. PDF, TIF, facsimile, or other electronic images of signatures will be deemed originals for all purposes.

16. Defined Terms. The capitalized terms used in this Agreement will have the

definitions provided for in the Partnership Agreement unless otherwise specified herein.

17. Headings. This Agreement's headings are for convenience of reference and are not intended to qualify the meaning of any provision or covenants herein.

18. Recitals. The Recitals to this Agreement are hereby incorporated by this reference and made part of this Agreement.

19. Miscellaneous.

a. Partnership and Grantee each represent and warrant that neither has had or will have any dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the transactions contemplated hereby. Each party hereto hereby agrees to indemnify and hold harmless the other party from and against costs, expenses or liabilities for compensation, commissions or charges which may be claimed by any broker, finder or similar party by reason of any actions of the indemnifying party.

b. The rights and obligations of Partnership and Grantee under this Agreement shall inure to the benefit of and bind the respective successors and assigns.

c. Notwithstanding any provision herein to the contrary, this Agreement does not, in any respect, modify the Limited Partner's consent rights under the Partnership Agreement. Except as otherwise provided in this Agreement, all parties hereto acknowledge that under the Partnership Agreement, Partnership's or General Partner's determination to solicit offers of purchase and to issue an Offer Notice shall not require the consent of the Limited Partners. A Proposed Sale will be subject to the approval of the Investor Members, which approval will not be unreasonably conditioned, delayed, or denied. In no event shall the sale pursuant to the Refusal Right occur during the Compliance Period.

d. This Agreement constitutes the entire agreement by and among Partnership and Grantee with respect to the subject matter hereof, and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Partnership and Grantee; provided, however, that no amendment or modification shall be effective unless consented to in writing by the Limited Partners or its successor as the limited partner of Partnership.

e. The Grantee, on behalf of itself and its assignees, and Partnership hereby unconditionally subordinate the Refusal Right and Purchase Option described herein to (i) the lien, security interest and rights granted by the Loan Documents, (ii) all advances or charges made or accruing under or secured by the Loan Documents, and (iii) any extensions, modifications or renewals of the indebtedness secured by the Loan Documents.

f. This Right of First Refusal and Purchase Option Agreement shall be recorded in the official records of San Bernardino County, California.

(continued on next page)

In Witness Whereof, the parties have executed this document as of the date first set forth hereinabove.

Partnership

ARROWHEAD GROVE PHASE 4 LP,
a California limited partnership

By: NCRC AG4 MGP LLC,
a California limited liability company
its General Partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation,
its Sole Member and Manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

Purchase Option and Right of First Refusal Agreement

S-1

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF)
COUNTY OF)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

Print Name: _____

My commission expires:

Purchase Option and Right of First Refusal Agreement

S-2

NCRC Grantee

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA,
a California nonprofit public benefit corporation

By: _____

Name: Michael Finn

Title: Chief Financial Officer

Purchase Option and Right of First Refusal Agreement

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF)
COUNTY OF)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

Print Name: _____

My commission expires:

Purchase Option and Right of First Refusal Agreement

S-4

HACSB Grantee

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO,
a California nonprofit public benefit corporation

By: _____

Name: Maria Razo

Title: President & CEO

Purchase Option and Right of First Refusal Agreement

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF)
COUNTY OF)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

Print Name: _____

My commission expires:

Purchase Option and Right of First Refusal Agreement

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EXHIBIT A

Legal Description

Purchase Option and Right of First Refusal Agreement - Exhibit A

DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of [_____, 2025], among Arrowhead Grove Phase 4 LP, a California limited partnership (the “Partnership”) and National Community Renaissance of California, a California nonprofit public benefit corporation (“National CORE”), and Housing Authority of the County of San Bernardino, a California nonprofit public benefit corporation (“HACSB”, and together with National CORE, the “Developer”).

WHEREAS, the General Partner executed a Certificate of Limited Partnership (the “Certificate”), pursuant to the California Uniform Limited Partnership Act, for the formation of the Partnership, which Certificate was subsequently filed with the Office of the Secretary of State of California on March 4, 2024 and, as of March 4, 2024, the General Partner and Southern California Affordable Housing Corporation, as the Initial Limited Partner, executed an Agreement of Limited Partnership; and

WHEREAS, the Partnership has been formed to develop, construct, own, maintain and operate a ninety-two (92) unit (including one manager’s unit) in seven (7) buildings (including one community building) multifamily apartment complex intended for rental to persons of low and moderate income and homeless, to be known as Arrowhead Grove Phase IV, and to be located in San Bernardino, California (the “Apartment Complex”); and

WHEREAS, as of even date herewith, the General Partner, Hudson SLP LLC, a Delaware limited liability company (the “Special Limited Partner”) and Hudson Arrowhead LP, a Delaware limited partnership (the “Investment Partner”) (collectively, the “Limited Partners”) and Waterman Affordable 4 LLC, a California limited liability company (the “Class A Limited Partner”) executed an Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) to (i) continue the Partnership; (ii) admit the Limited Partners to the Partnership as Limited Partners; (iii) admit the Class A Limited Partner to the Partnership as the Class A Limited Partner; (iv) withdraw the Initial Limited Partner from the Partnership; (v) reassign Interests in the Partnership; and (vi) set forth all of the provisions governing the Partnership; and

WHEREAS, the Partnership desires to appoint the Developer to provide certain services for the Partnership with respect to overseeing the development of the Apartment Complex until all development work is completed.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

(1) Appointment. The Partnership hereby appoints the Developer to render services for the Partnership, and confirms and ratifies the appointment of the Developer with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Apartment Complex as herein contemplated.

(2) Authority. In conformity with the provisions of the Partnership Agreement, the Developer shall have, and has had, the authority and the obligation to:

(1) act on behalf of the Partnership in its relation with any governmental agency or authority and any Construction Loan and/or Mortgage Loan lender with respect to all matters relating to the construction and development of the Apartment Complex;

(2) select the architect ("Architect"), coordinate the preparation of the plans and specifications (the "Plans and Specs") and recommend alternative solutions whenever design details affect construction feasibility or schedules;

(3) ensure that the Plans and Specs are in compliance with all applicable codes, laws, ordinances, rules and regulations;

(4) negotiate all necessary contracts and subcontracts (other than the Construction Contract) for the construction of the Apartment Complex;

(5) choose the products and materials necessary to equip the Apartment Complex in a manner which satisfies all requirements of the Mortgage Loan and the Plans and Specs;

(6) monitor disbursement and payment of amounts owed to the Architect and the subcontractors;

(7) ensure that the Apartment Complex is constructed free and clear of all construction and mechanics' and materialmen's liens;

(8) obtain an Architect's certificate that the work on the Apartment Complex is substantially complete, and inspect the Architect's work;

(9) secure all building code approvals and obtain certificates of occupancy for all of the Residential Units of the Apartment Complex;

(10) cause construction of the Apartment Complex to be completed in a prompt and expeditious manner, consistent with good workmanship, and in compliance with the following:

(a) the Plans and Specs as they may be amended by the agreement of the parties hereto and with the consent of the mortgagee under the Mortgage Loan;

(b) any and all obligations of the Partnership under the Mortgage Loan Documents; and

(c) any and all zoning regulations, county ordinances, including health, fire and safety regulations, and any other requirements of federal, state and local laws, rules, regulations and ordinances applicable to construction of the Apartment Complex;

(11) cause to be performed in a diligent and efficient manner the following:

- (a) construction of the Apartment Complex pursuant to the Plans and Specs, including any required off-site work; and
- (b) general administration and supervision of the construction of the Apartment Complex, including but not limited to activities of subcontractors and their employees and agents, and others employed as to the Apartment Complex in a manner which complies in all respects with the Mortgage Loan Documents and the Plans and Specs;
- (12) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;
- (13) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;
- (14) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts;
- (15) deliver to the Partnership a dimensioned as-built survey of the real property (locating only buildings) and as-built drawings of the Apartment Complex construction;
- (16) provide, and periodically update Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;
- (17) investigate and recommend a schedule for purchase by the Partnership of all materials and equipment requiring long lead time procurement, coordinate the schedule with Architect and expedite and coordinate delivery of such purchases;
- (18) prepare pre-qualification criteria for bidders interested in the Apartment Complex, establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the bidding documents and management techniques with any special systems, materials or methods;
- (19) receive bids, prepare bid analyses and make recommendations to the Partnership for award of contracts or rejection of bids;
- (20) coordinate the work of the Architect to complete the Apartment Complex in accordance with the objectives as to cost, time and quality, and provide sufficient personnel at the Apartment Complex with authority to achieve such objectives;
- (21) provide a detailed schedule of realistic activity sequences and durations, allocation of labor and materials and processing of shop drawings and samples;
- (22) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates,

review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(23) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

(24) revise and refine the approved estimate of construction costs, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(25) provide regular monitoring of the approved estimate of rehabilitation cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected costs exceed budgets or estimates;

(26) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

(27) develop and implement a procedure for the review and processing of applications by subcontractors for progress and final payments;

(28) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples; and

(29) record the progress of the Apartment Complex and submit written progress reports to the Partnership and Architect, including the percentage of completion and the number and amounts of change orders.

(3) Development Fee. For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership agrees to pay the Developer a Development Fee in the amount of [Seven Million Eight Hundred Thousand Five Hundred Sixty-Seven Dollars (\$7,800,567)] (Except for items (ii) and (iii) below of the Cash Development Fee which shall be paid 100% to National CORE, 50% to National CORE and 50% to HACSB). The parties agree that the Investment Partner shall have no duty to calculate or pay the individual Development Fee payment amounts to National CORE and to HACSB, respectively, and that any payment of Development Fee by the Partnership to the Developer, using proceeds of a Capital Contribution made by the Investment Partner, shall be the sole responsibility of the Partnership and not the Investment Partner. Of such Development Fee, a portion (the "Cash Development Fee") shall be paid as follows: (i) [\$0] shall be paid as of the date hereof; (ii) [\$2,150,284] of such Cash Development Fee shall be paid to National CORE not less than sixty (60) days after date on which the General Partner's Capital Contribution I has been made to the Partnership and provided that construction is progressing on schedule and within budget, (iii) [\$2,150,284] of such Cash Development Fee shall be paid to National CORE not less than sixty (60) days after date on which the General Partner's Capital Contribution II has been made to the Partnership and provided that construction is progressing on schedule and within budget, and (c) the balance shall be paid to the Developer from the proceeds of the Third Capital Contribution (less \$150,000) and Fourth Capital Contribution, to the extent funds are available. After the payment of the Fourth Capital Contribution, to the extent any portion of the Development Fee remains unpaid (the "Deferred

Development Fee”), such balance shall be paid from Net Cash Flow as set forth in Article VII of the Partnership Agreement. On each Payment Date, the Partnership shall pay to the Developer (up to the remaining balance of the Deferred Development Fee due hereunder) an amount equal to the amount distributable pursuant to Section 7.03(a) of the Partnership Agreement and upon the occurrence of a Capital Transaction, the Partnership shall pay an amount set forth in Section 7.05 of the Partnership Agreement until the Deferred Development Fee is paid in full. If the Partnership has not dissolved at the end of the Compliance Period, any outstanding balance of the Development Fee shall be payable. Notwithstanding anything to the contrary contained herein, payment of any portion of the Development Fee shall only be made if, in the reasonable determination of the Special Limited Partner, all sources of funding remain In-Balance and subsequent to the payment of all costs, fees and the funding of required reserves as per the Development Budget. Any outstanding principal balance of Development Fee shall not bear interest. The Development Fee shall be deemed earned as it is paid, but in all events shall be earned in its entirety as of the date the Apartment Complex is placed in service for purposes of Section 42 of the Code. In the event that less than fifty percent (50%) of the aggregate basis of any building included in the Apartment Complex and the Land on which such building is located (including an allocable portion of the Development Fee hereunder) is, at any time, as of the end of the first year of the Credit Period, financed from the proceeds of tax-exempt obligations, then the Development Fee shall automatically be reduced, to the extent necessary to cause the amount of such tax-exempt proceeds to be greater than 50% of such aggregate basis.

(4) Obligation Regarding Fee Payments. The Developer acknowledges and agrees that the provisions of Articles V and VIII of the Partnership Agreement may be applied so as to cause the General Partner to pay Excess Development Costs and, that if the General Partner does not meet such obligation, all or a portion of the Development Fee may be applied to meet such obligations, the Development Fee shall be treated as having been paid to the Developer and the Developer as having fulfilled such obligation and the Developer shall take such amount of the Development Fee into income for federal income tax purposes. In the event that the Developer is in default under this Agreement after Notice and a sixty (60) day opportunity to cure such default shall have expired, the Partnership may terminate this Agreement and withhold any payments due hereunder; provided, however, that if such default occurs after the date the Fourth Capital Contribution is due and payable by the Investment Partner, the Development Fee shall remain due and owing subject to the provisions of the Partnership Agreement, particularly Section 8.11 thereof.

(5) Successors and Assigns, Termination. This Agreement shall be binding on the parties hereto, their heirs, successors, and assigns. However, this Agreement may not be amended or assigned by any party hereto without the Consent of the Special Limited Partner, nor may it be terminated without the Consent of the Special Limited Partner; such Consent shall not be unreasonably withheld. In the event that the General Partner or its successor(s) is (are) removed from the Partnership pursuant to Section 8.12 of the Partnership Agreement, any further payment of installments of the Development Fee pursuant to Section 3 above shall be governed by such Section 8.12.

(6) Defined Terms. Capitalized terms used in this Agreement and not specifically defined herein shall have the same meanings assigned to them as in the Partnership Agreement.

(7) Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

(8) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

(9) No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

(10) Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

[signatures begin on the following page]

IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date as first written above.

PARTNERSHIP:

Arrowhead Grove Phase 4 LP,
a California limited partnership,

By: NCRC AG4 MGP LLC,
a California limited liability company
its General Partner

By: National Community Renaissance of
California,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Name: Michael Ruane
Title: President

DEVELOPER:

National Community Renaissance of California,
a California nonprofit public benefit corporation

By: _____
Name: Michael Ruane
Title: President

Housing Authority of the County of San
Bernardino, a California nonprofit public benefit
corporation

By: _____
Name: Maria Razo
Title: President & CEO

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Updates to the Moving to Work Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program

RECOMMENDATION(S)

Adopt Resolution No. 220 approving updates to the Moving to Work Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program effective October 1, 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

FINANCIAL IMPACT

The proposed revisions to the Housing Authority of the County of San Bernardino (HACSB) payment standards schedules include modest increases to the payment standards for some submarkets and bedroom sizes for the Moving to Work (MTW) Housing Choice Voucher (HCV) program, Traditional Regulatory Assistance for Special Purpose Programs (non-MTW), and Emergency Housing Voucher (EHV) programs. While an increase to the payment standards has the potential to also increase the Housing Assistance Payment (HAP) expense, the total increase would happen over a two-year period, assuming that the updated proposed payment standards are applied to all assisted households at their next recertification and to new families at initial lease-up. The total maximum potential increase after the two-year implementation period is estimated at \$3.4 million annually. Any increase to HAP costs will be funded by the respective voucher program HAP funding and/or reserve funds, to the extent that funding is available.

BACKGROUND INFORMATION

2025 Update – Local Payment Standards (LPS) for MTW HCV Programs

In 2009, HACSB developed the LPS through its MTW designation for its Housing Choice Voucher program. The activity allows HACSB to develop LPS that reflect the varying rental markets within San Bernardino County (county), rather than using the Fair Market Rents (FMR) established by United States Department of Housing and Urban Development (HUD) for the entire San Bernardino/Riverside metropolitan area. In 2010, through a competitive procurement process, Applied Real Estate Analysis, Inc. (AREA), an independent third-party real estate analysis company, was hired to assess the local area real estate market. AREA identified nine varying rental submarkets and the corresponding market rents for each. Since that time, the LPS have been developed at a submarket level rather than a countywide level based upon the market rent

Updates to Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program
September 9, 2025

values within each submarket. The LPS are more specific to the diverse rental submarkets that exist within the county than the FMR and expand housing choices for HACSB customers by providing them the opportunity to relocate into areas of greater opportunity. Housing choice is a statutory objective of our Moving to Work designation.

For the FY 2025-2026 LPS update, HACSB staff performed the market rent data collection and analysis process. Data was collected from a variety of sources, including Yardi Matrix, a national rental market database. The total sample included more than 3,400 rental units representing unit types and sizes from each of the nine rental submarkets. The data was used to analyze current market rents and changes in market rents since the last market rent study performed in 2024.

Based on the analysis, the proposed schedule of LPS for FY 2025-2026 includes modest increases to the LPS values for some submarkets and bedroom sizes, while some submarkets and bedroom sizes will remain at the current LPS value. The proposed FY 2025-2026 LPS amounts are set at the median market rent value by submarket and bedroom size, plus a three percent margin to accommodate changes in market rent over the coming year, or the current LPS value, whichever is greater. HACSB will continue to perform rent reasonableness for each new lease and proposed rent increase to ensure that approved rents are appropriate.

The complete 2025-2026 MTW LPS is included in the attached proposed schedule. The format of the LPS schedule uses zip codes rather than census tract codes to identify the applicable LPS amount for a particular unit. Utilizing zip codes provides a user-friendly approach for landlords, applicants, and HACSB staff to identify the correct LPS for a particular unit. A summary of the proposed changes by submarket is included in the table below. If approved, the new LPS will take effect October 1, 2025.

Submarket	Located	Summary of LPS Increase for FY 2025-2026 (Note: Payment standards are the maximum monthly assistance payment by bedroom size and submarket.)
Submarket 1	Desert	Increase the average payment standard for the submarket by 0.3%, or \$3.
Submarket 2	Victor Valley/Barstow	No changes proposed.
Submarket 3	Morongo Valley/29 Palms	Increase the average payment standard for the submarket by 3.3%, or \$83.
Submarket 4	Mountains	No changes proposed.
Submarket 5	San Bernardino North	No changes proposed.
Submarket 6	San Bernardino South	Increase the average payment standard for the submarket by 0.8%, or \$25.
Submarket 7	East Valley	No changes proposed.
Submarket 8	West Valley	Increase the average payment standard for the submarket by 0.9%, or \$36.
Submarket 9	Central Valley	No changes proposed.

Financial Impact Factors

HACSB anticipates that the following variables will impact the actual annual cost increase:

Updates to Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program
September 9, 2025

- A. Rent Increase Requests: The HAP for a unit may increase only if a landlord requests and is approved for a rent increase.
- B. Rent Reasonableness: Any request for a rent increase is subject to a rent reasonableness review. The review will determine the actual amount of any rent increase.
- C. Family Income: Depending on household circumstances, an approved rent increase may result in an increase to the family rent share and not to HACSB's share. Additionally, changes in family income may offset an approved rent increase.

FY 2025-2026 Update – Payment Standards for Traditional Regulatory Assistance for Special Purpose Programs

The MTW Local Payment Standards outlined above cannot be applied to Special Purpose programs because HACSB administers HUD programs through grants and other federal resources including Veterans Affairs Supportive Housing (VASH), Continuum of Care programs, and Housing Opportunities for Persons With AIDS (HOPWA), which are traditionally regulated programs not included in HACSB's MTW contract with HUD. Therefore, HACSB also reviews and updates the payment standard schedule for Special Purpose programs annually based upon the Fair Market Rent (FMR) published annually by HUD.

The FY 2026 FMR decreased approximately 4.5% compared to the FY 2025 FMR. To ensure continued compliance with HOPWA rent caps, the proposed payment standard schedule is the same schedule used in FY 2024-2025, which is between the regulatory range of 90-110% of FMR. The payment standards apply to VASH, HOPWA and the Master Leasing program. The Continuum of Care program utilizes the current FMR instead of payment standards.

The 2025-2026 Payment Standards for Traditional Regulatory Assistance for Special Purpose Programs are included in the attached proposed schedule.

FY 2025-2026 Update – Payment Standards for the Emergency Housing Voucher Program

HUD guidance for the Emergency Housing Program (EHV) published in Notice PIH 2021-15 provides several regulatory waivers and administrative flexibilities that housing authorities may adopt in order to remove potential barriers for EHV participants. HUD acknowledges that many rental markets are very competitive and that EHV recipients, who are homeless or at risk of homelessness, may have lower incomes, limited or poor credit histories, and limited established rental histories, as well as other challenges, which may make landlords reluctant to rent to them. Therefore, HUD permits housing authorities to establish separate payment standards for the EHV program to increase the potential pool of available units for EHV and help participating families successfully lease with EHV assistance. The separate payment standards may be set at any level between 90-120 percent of the published FMR. Additionally, housing authorities may request HUD approval to apply some MTW activities to the EHV program.

The EHV payment standards utilize both the flexibility provided in Notice PIH 2021-15 and HACSB's MTW Local Payment Standards flexibility to widen the potential pool of available units for EHV recipients. The EHV payment standards are divided into four regions representing different segments of the county. Initially, EHV payment standards were set at 120% of the FMR or the MTW Local Payment Standard for the submarket, whichever was greater. The EHV

Updates to Local Payment Standards for the Housing Choice Voucher Program, Payment Standards for the Traditional Regulatory Assistance for Special Purpose Programs, and Payment Standards for the Emergency Housing Voucher Program
September 9, 2025

program reached full utilization in July 2023, and the housing authority is required to sunset future turnover vouchers. Therefore, in FY 2023-2024, the EHV Payment Standards established the process for bringing the amounts in alignment with the MTW Local Payment Standards by using the higher of the previous EHV payment Standard or the new MTW Local Payment Standard. The proposed 2025-2026 EHV Payment Standards continues the process of bringing the amounts in alignment with MTW Local Payment Standards. To prevent a reduction to the payment standard which could jeopardize the housing stability of participants, the proposed 2025-2026 EHV payment standard uses the higher of the 2025-2026 MTW Local Payment Standard or the 2024-2025 EHV Payment Standard.

The proposed 2025-2026 payment standards for EHV by region are included in the attached proposed schedule.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Resolution – No. 220
- Attachment 1 – FY 2025-2026 MTW Local Payment Standards
- Attachment 2 – FY 2025-2026 Special Purpose Voucher Payment Standards
- Attachment 3 – FY 2025-2026 EHV Payment Standards

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 25, 2025.

HOUSING AUTHORITY RESOLUTION NO. 2025-220

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO APPROVING PAYMENT STANDARDS UPDATES FOR THE HOUSING CHOICE VOUCHER PROGRAM, TRADITIONAL REGULATORY ASSISTANCE FOR SPECIAL PURPOSE PROGRAMS, AND EMERGENCY HOUSING VOUCHER PROGRAM EFFECTIVE OCTOBER 1, 2025, AND SUPERSEDING ALL PRIOR RESOLUTIONS ESTABLISHING SUCH PAYMENT STANDARDS

RECITALS

WHEREAS, the Housing Authority of the County of San Bernardino (HACSB) is a duly formed housing authority of the State of California, and is vested with the responsibilities set forth in Division 24, Part 2, Article 4 (Sections 34310-34334) of the California Health and Safety Code, which includes providing low and moderate income housing within its jurisdiction; and

WHEREAS, HACSB administers the Housing Choice Voucher program for the United States Department of Housing and Urban Development (HUD); and

WHEREAS, HACSB entered into a Moving to Work (MTW) contract with the United States Department of Housing and Urban Development (HUD) effective March 14, 2008, which governs the regulations of the administration of the Housing Choice Voucher and Public Housing programs; and

WHEREAS, HACSB administers HUD programs through grants and other federal resources including Veterans Affairs Supportive Housing (VASH), Shelter Plus Care (SPC) programs, Mainstream program for disabled households, and Housing Opportunities for Persons with AIDS (HOPWA) which are traditionally regulated programs;

WHEREAS, housing authorities are required to establish payment standards which set the maximum subsidy payment a family can receive from the housing authority each month; and

WHEREAS, HUD annually sets Fair Market Rents which are used by housing authorities to develop the payment standards; and

WHEREAS, housing authorities are required to review and update payment standards annually to maintain reasonable rents paid on behalf of clients receiving subsidy; and

WHEREAS, HUD approved HACSB's Local Payment Standards MTW activity which allows HACSB to determine Local Payment Standard amounts by submarket based on the local rental market for the Housing Choice Voucher program which are reviewed annually.

OPERATIVE PROVISIONS

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO DOES RESOLVE AS FOLLOWS:

Section 1. The Board of Commissioners finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

Section 2. The Board of Commissioners hereby approves the Moving to Work Local Payment Standards for the Housing Choice Voucher program, payment standards for the Traditional Regulatory Assistance for Special Purpose programs, and payment Standards for the Emergency

Housing Voucher program effective October 1, 2025, copies of which are attached hereto and incorporated herein by reference.

Section 4. This resolution shall supersede all prior resolutions of the HACSB establishing payment standards covered by this resolution and such prior resolutions shall be of no further force or effect.

Section 5. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of San Bernardino, by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO) ss.

I, _____, Secretary of the Board of Commissioners of the Housing Authority of the County of San Bernardino, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Commissioners, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of Tuesday, September 9, 2025.

Secretary

Moving to Work Local Payment Standards

ZIP CODES & RENTAL SUBMARKETS

1. Locate the zip code for the unit from the table below to determine the rental submarket.

ZIP Code	Sub-market	ZIP Code	Sub-market	ZIP Code	Sub-market	ZIP Code	Sub-market	ZIP Code	Sub-market
91701	8	92277	3	92325	4	92358	4	92397	4
91708	8	92278	3	92326	4	92359	7	92398	1
91709	8	92280	1	92327	1	92363	1	92399	7
91710	8	92284	3	92329	2	92364	1	92401	6
91729	8	92285	3	92332	1	92365	1	92402	6
91730	8	92286	3	92333	4	92366	1	92403	6
91737	8	92301	2	92334	9	92368	2	92404	5
91739	8	92304	1	92335	9	92369	5	92405	5
91743	8	92305	4	92336	8	92371	2	92406	6
91758	8	92307	2	92337	9	92372	2	92407	5
91759	4	92308	2	92338	1	92373	7	92408	6
91761	8	92309	1	92339	4	92374	7	92410	6
91762	8	92310	1	92340	2	92375	7	92411	6
91763	8	92311	2	92341	4	92376	9	92412	6
91764	8	92312	2	92342	2	92377	9	92413	5
91766	8	92313	7	92344	2	92378	4	92415	6
91784	8	92314	4	92345	2	92382	4	92418	6
91785	8	92315	4	92346	7	92385	4	92423	6
91786	8	92316	9	92347	1	92386	4	92427	5
91798	8	92317	4	92350	7	92391	4	93524	1
92242	1	92318	7	92352	4	92392	2	93555	1
92252	3	92321	4	92354	7	92393	2	93558	1
92256	3	92322	4	92356	2	92394	2	93562	1
92267	1	92323	1	92357	7	92395	2	93592	1
92268	3	92324	9						

MOVING TO WORK LOCAL PAYMENT STANDARDS (maximum allowed is listed)

2. Locate the submarket and bedroom size for the unit in the table below to determine the MTW Local Payment Standard for the unit.

Submarket	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
1	\$ 952	\$ 1150	\$1,536	\$1,733	\$2,343	\$2,695	\$3,037
2	\$1,040	\$1,389	\$1,769	\$2,338	\$2,750	\$3,067	\$3,575
3	\$1,095	\$1,236	\$1,760	\$2,318	\$2,833	\$3,257	\$3,682
4	\$1,594	\$1,746	\$2,228	\$3,025	\$3,300	\$3,701	\$4,290
5	\$1,421	\$1,628	\$1,943	\$2,599	\$3,465	\$3,985	\$4,505
6	\$1,435	\$1,623	\$1,963	\$2,570	\$3,474	\$4,122	\$4,741
7	\$1,623	\$2,094	\$2,357	\$2,937	\$3,673	\$4,224	\$4,775
8	\$1,931	\$2,477	\$3,028	\$3,486	\$3,960	\$4,515	\$5,148
9	\$1,576	\$1,799	\$2,032	\$3,080	\$3,627	\$4,195	\$4,715

Special Purpose Voucher Programs Payment Standards Effective 10/1/2025

Special Purpose Voucher Programs Payment Standards apply to the following programs: Veterans Affairs Supportive Housing (VASH leased on or before January 1, 2021), Master Leasing program, and Housing Opportunities for Persons With AIDS (HOPWA) program

0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
\$1,776	\$1,852	\$2,306	\$3,079	\$3,745	\$4,306	\$4,868

Special Purpose Program vouchers are awarded and subsidized through the U.S. Department of Housing and Urban Development (HUD). The applicable payment standards are based on the HUD- published Fair Market Rents.

Fair Market Rents Effective 10/1/2025

Fair Market Rents apply to the following programs: Continuum of Care

0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
\$1,692	\$1,777	\$2,201	\$2,912	\$3,514	\$4,041	\$4,568

Adopted:

FY 2025-2026 Emergency Housing Voucher Program Payment Standards

ZIP CODES & REGIONS

1. Locate the zip code for the unit from the table below to determine the region.

ZIP Code	Region	ZIP Code	Region	ZIP Code	Region	ZIP Code	Region	ZIP Code	Region
91701	Western	92268	Desert	92323	Desert	92357	Central	92395	Desert
91708	Western	92277	Desert	92324	Central	92358	Mountain	92397	Mountain
91709	Western	92278	Desert	92325	Mountain	92359	Central	92398	Desert
91710	Western	92280	Desert	92326	Mountain	92363	Desert	92399	Central
91729	Western	92284	Desert	92327	Desert	92364	Desert	92401	Central
91730	Western	92285	Desert	92329	Desert	92365	Desert	92402	Central
91737	Western	92286	Desert	92332	Desert	92366	Desert	92403	Central
91739	Western	92301	Desert	92333	Mountain	92368	Desert	92404	Central
91743	Western	92304	Desert	92334	Central	92369	Central	92405	Central
91758	Western	92305	Mountain	92335	Central	92371	Desert	92406	Central
91759	Mountain	92307	Desert	92336	Western	92372	Desert	92407	Central
91761	Western	92308	Desert	92337	Central	92373	Central	92408	Central
91762	Western	92309	Desert	92338	Desert	92374	Central	92410	Central
91763	Western	92310	Desert	92339	Mountain	92375	Central	92411	Central
91764	Western	92311	Desert	92340	Desert	92376	Central	92412	Central
91766	Western	92312	Desert	92341	Mountain	92377	Central	92413	Central
91784	Western	92313	Central	92342	Desert	92378	Mountain	92415	Central
91785	Western	92314	Mountain	92344	Desert	92382	Mountain	92418	Central
91786	Western	92315	Mountain	92345	Desert	92385	Mountain	92423	Central
91798	Western	92316	Central	92346	Central	92386	Mountain	92427	Central
92242	Desert	92317	Mountain	92347	Desert	92391	Mountain	93524	Desert
92252	Desert	92318	Central	92350	Central	92392	Desert	93555	Desert
92256	Desert	92321	Mountain	92352	Mountain	92393	Desert	93558	Desert
92267	Desert	92322	Mountain	92354	Central	92394	Desert	93562	Desert
				92356	Desert			93592	Desert

EMERGENCY HOUSING VOUCHER PAYMENT STANDARDS

2. Locate the region and bedroom size for the unit in the table below to determine the EHV Payment Standard for the unit.

Region	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Desert	\$1,537	\$1,678	\$2,101	\$2,851	\$3,506	\$4,032	\$4,558
Mountain	\$1,594	\$1,746	\$2,228	\$3,025	\$3,506	\$4,032	\$4,558
Central	\$1,623	\$2,094	\$2,357	\$3,080	\$3,673	\$4,224	\$4,775
Western	\$1,931	\$2,477	\$3,028	\$3,486	\$3,960	\$4,515	\$5,148

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Meeting Minutes for the Meeting Held on August 12, 2025

RECOMMENDATION(S)

Approve the meeting minutes for the regular meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on August 12, 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #2: To be known as a trusted provider of safe, dignified, and desirable homes and environments that enrich and add value to the community.

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

Approval of this item will not result in a financial impact to the Housing Authority of the County of San Bernardino (HACSB) as there are no financial impacts associated with this item.

BACKGROUND INFORMATION

The HACSB Board of Commissioners (Board) Meeting took place on August 12, 2025, and attached are the meeting minutes for review and recommended approval by the Board.

ITEM ATTACHMENTS

- Attachment - Meeting Minutes for August 12, 2025

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 22, 2025.

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO
August 12, 2025**

The Board of Commissioners of the Housing Authority of the County of San Bernardino met in a regular meeting at the Administration Office, at 715 East Brier Drive, San Bernardino, California at 3:00 p.m. on August 12, 2025.

Details of the meeting discussion can be obtained through the recording of the Board of Commissioners meeting through a Public Records Request submitted in person or through the HACSB website: <https://hacsb.com/public-records-request/>

1) Call to Order and Roll Call

The meeting was called to order, and upon roll call, the following were present:

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Also in attendance were Maria Razo, Executive Director; Rishad Mitha, Deputy Executive Director; Kristin Maithonis, Director of Housing Services; Jesse Diaz, Director of Business Services; Nicole Beydler, Director of Policy and Communications; Angie Lardapide, Procurement and Contracts Supervisor; Lucy Leslie, Director of Housing Communities; John Moore, Director of Development; Shamira Shirley, Management Analyst; Renee Kangas, Sr. Management Analyst; Armando Salazar, Management Analyst; Edgar Sedano, Real Estate Services Specialist; George Silva, Family Empowerment Services Manager; Garrett Dalton, Information Technology Manager; Daisy Villalobos, Data Specialist; and Vince Wrzalinski, Housing Services Manager.

Also present was Jennifer Dawson, Director of Administrative Services, via virtual attendance through Microsoft Teams.

Also present was Fred Galante, Legal Counsel to the Housing Authority.

2) Additions or Deletions to the Agenda

Chair Cooper called for additions or deletions to the August 12, 2025, agenda. There were none.

3) General Public Comment

Chair Cooper provided an opportunity for members of the public to address the Board of Commissioners. Public comments were made by two attendees.

Roy Thompson identified himself as an HACSB program participant that has been subjected to discrimination and denial of fair housing opportunity. Mr. Thompson shared with the Board the grievances he had experienced. Housing Services Manager, Vince Wrzalinski, met with Mr.

Thompson to collect more information and to ensure that the appropriate HACSB staff would contact him to provide further assistance with the issues he has been experiencing.

Barbara Whittington identified herself as a member of Local Teamsters 1932 with whom contract negotiations have begun and stated that she is looking forward to the partnership with the housing authority and to improving the quality of work-life balance for their members.

4) Executive Director's Report

The Executive Director's Report was requested.

Executive Director, Maria Razo, provided the Executive Director's Report.

Discussion amongst the Board of Commissioners took place regarding the Executive Director's Report for August 12, 2025.

5) Board Building Presentation for August 12, 2025

Discussion calendar item number 5, to receive the board building presentation for August 12, 2025, regarding an overview of the Housing Authority of the County of San Bernardino's rental assistance programs.

Director of Housing Services, Kristin Maithonis, provided the presentation to the Board.

Discussion amongst the Board of Commissioners took place regarding the discussion calendar item number 5.

6) Adoption of Resolution No. 214 approving revisions to the Housing Authority of the County of San Bernardino's Employee Compensation Philosophy and Administrative Guidelines.

Discussion calendar item number 6, to Resolution No. 214 approving revisions to the Housing Authority of the County of San Bernardino's Employee Compensation Philosophy and Administrative Guidelines, was requested.

Commissioner Johnson moved to approve discussion calendar item number 6, as recommended by staff and Commissioner Miller seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

7) Adoption of Resolution No. 215 approving revisions to the Housing Authority of the County of San Bernardino's Salary Schedule effective August 29, 2025.

Discussion calendar item number 7, to adopt Resolution No. 215 approving revisions to the Housing Authority of the County of San Bernardino's Salary Schedule effective August 29, 2025, was requested.

Commissioner Miller moved to approve discussion calendar item number 7, as recommended by staff and Commissioner Jain seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

8) Adoption of Resolution No. 216 approving revisions to the Housing Authority of the County of San Bernardino's Personnel Policy Handbook.

Discussion calendar item number 8, to adopt Resolution No. 216 approving revisions to the Housing Authority of the County of San Bernardino's Personnel Policy Handbook, was requested.

Commissioner Miller moved to approve discussion calendar item number 8, as recommended by staff and Commissioner McDuff seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

9) Adoption of Resolution No. 217 approving and ratifying the Designation of Applicant's Agent Resolution (OES-FPD-130) to formalize the appointment of the Housing Authority of the County of San Bernardino as the authorized agent for FEMA grant activities.

Discussion calendar item number 9, to adopt Resolution No. 217 approving and ratifying the Designation of Applicant's Agent Resolution (OES-FPD-130) to formalize the appointment of

the Housing Authority of the County of San Bernardino as the authorized agent for FEMA grant activities

Commissioner Johnson moved to approve discussion calendar item number 9, as recommended by staff and Commissioner Thomas seconded the motion. Upon the roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

10) Retroactive approval of a non-financial Memorandum of Understanding with the San Bernardino County Workforce Development Board as a Workforce Innovations & Opportunity Act One-Stop America's Job Centers of California Partner, effective July 1, 2025, through June 30, 2028.

Discussion calendar item number 10, to retroactively approve a non-financial Memorandum of Understanding with the San Bernardino County Workforce Development Board as a Workforce Innovations & Opportunity Act One-Stop America's Job Centers of California Partner, effective July 1, 2025, through June 30, 2028, was requested.

Commissioner Miller moved to approve discussion calendar item number 10, as recommended by staff and Commissioner MacDuff seconded the motion. Upon the roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

11) Approval of a contract extension for the Project-Based Voucher Program Housing Assistance Payments Contract with Ontario Housing Authority for 12 scattered site units for the Project Gateway Continuum of Care program, for an additional five-year period from October 1, 2026, through September 30, 3031.

Discussion of calendar item number 11, to approve a contract extension for the Project-Based Voucher Program Housing Assistance Payments Contract with Ontario Housing Authority for 12

scattered site units for the Project Gateway Continuum of Care program, for an additional five-year period from October 1, 2026, through September 30, 2031, was requested.

Commissioner Johnson moved to approve discussion calendar item number 11, as recommended by staff and Commissioner Miller seconded the motion. Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

12, 13, 14 and 15) Consent Calendar

Approval of the consent calendar including agenda items number 12-15 was requested.

Commissioner Jain moved to approve consent calendar agenda items number 12-15:

12) Approve the meeting minutes for the special meeting of the Board of Commissioners of the Housing Authority of the County of San Bernardino held on June 10, 2025.

13) Approve and file agency-wide financial statements through April 2025.

14) Approve the expensing of vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of May 2025.

15) Approve the write-off of delinquent accounts for the Housing Services Programs as collection losses for the month of July 2025.

The motion was duly seconded by Commissioner Thomas.

Upon roll call vote, the Ayes and Nays were as follows:

Ayes

Chair Cooper
Vice-Chair MacDuff
Commissioner Miller
Commissioner Johnson
Commissioner Jain
Commissioner Thomas
Commissioner Khan

Nays

Abstain

16, 17, 18 and 19) Closed Session

Legal Counsel announced that the Board will recess into closed session to discuss item numbers 16-19:

16) CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Government Code Section 54956.8 Property Address: 755 E. Virginia Way, Barstow, CA Agency designated representatives: Rishad Mitha, Deputy Executive Director Negotiating Parties: Multiple potential buyers Under Negotiation: Price and terms of potential sale

17) PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957 Title: Executive Director

18) CONFERENCE WITH LABOR NEGOTIATOR Pursuant to Gov't Code Section 54957.6 Agency designated representatives: Fred Galante, General Counsel Unrepresented employee: Maria Razo, Executive Director

19) CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION Pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 Name of case: Betancourt v. Housing Authority of the County of San Bernardino (San Bernardino County Superior Court, Case No. CIVSB2323076)

Meeting adjourned to closed session at 4:14 pm.

Following closed session, Legal Counsel reported that the Board met in closed session on agenda item numbers 16-19 as follows:

As to Item number 16, the Board heard an update on the potential sale of the identified property and no further reportable action was taken.

As to Item numbers 17 and 18, the Board conducted the performance evaluation and discussed labor negotiations pertaining to the Executive in tandem and following discussion, provided unanimous direction. No further reportable action was taken.

As to Item number 19, the Board received an update on the status of the referenced litigation matter. Following discussion, the Board, by motion of Commissioner Johnson, seconded by Commissioner Miller and approved by vote of 6-1 with Commissioner Jain opposed, the Board approved a settlement of that matter comprising of payments to Plaintiff of \$325,000, plus \$4,000 in mediator fees, in exchange for a full release and no admission of any wrongdoing or liability on the part of the Housing Authority of the County of San Bernardino and full dismissal of the case.

There being no other business, Commissioner Johnson moved for the regular meeting of Tuesday, August 12, 2025, to be adjourned, and which motion was duly seconded by Commissioner Thomas. There being no objection to the call for adjournment, the meeting was adjourned by unanimous consent at 5:40 p.m.

Beau Cooper, Chair

Cassie MacDuff, Vice Chair

Sylvia Miller

Sid Jain

Minutes of the Regular Meeting of the Board of Commissioners of the Housing Authority of the
County of San Bernardino for August 12, 2025

Page 7

Tim Johnson

Michael Thomas

Mohammad Khan

Attest:

Secretary

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Agency-Wide Financial Statements Through May 2025

RECOMMENDATION(S)

Approve and file agency-wide financial statements through May 2025.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The Housing Authority of the County of San Bernardino's (HACSB) fiscal year-to-date agency-wide net gain through May 2025 is \$529,519. The significant variances of the budget are as follows:

The HCV program received \$9.2 million more in Housing Assistance Payment (HAP) funding from HUD when compared to the budgeted amount. This is due to significant growth in inbound portability leasing with no absorption and also due to an increase in the per unit costs, which create a proportionate increase in the revenue needed to pay for the related higher housing assistance payment costs.

- The tenant income was \$2.3 million higher than the budgeted amount, mostly due to an increase in rental income. This rental income increase is due to rent increases in the authority owned portfolio and the percentage of tenant income change in the Housing Choice Voucher program.
- Physical needs work was \$2.3 million less than budgeted. This amount is reflected in the extraordinary maintenance line on the financial statements, and the variance is due to some projects not commencing due to staff shortages. Health and Safety items continue to get priority attention.
- The total amount of Other Income revenue is \$1.7 million lower than the budgeted \$6.5 million. This is due to a delay in the residual receipts calculation for 2024. This calculation is for our affiliate, Housing Partners I, Inc and we expect that this calculation will be completed by the end of the fiscal year.
- Depreciation expenses are not budgeted and amount to \$3.2 million. This is not a cash transaction and is based on the accrual accounting procedures required by GAAP that reduce the value of fixed assets over time. Non-cash transactions like depreciation are required under GAAP as they affect an agency's financial statements without impacting its cash flow.

The information provided is based on unaudited information. During the audit process, revenue and expenses are typically adjusted and we expect a material amount of expenses related to the pension and Other Post Employment Benefit (OPEB) plans to be recognized during this process. This will lead to a decrease in the operating net income. The audited financial report will be provided to the Board of Commissioners once the audit process has been completed. The audit process will be completed in late June 2026 for FY 2025. The FY 2024 audit was completed in June 2025 and will be submitted to the board for approval.

Financial Summary	FY 2025 YTD
Revenues	\$172,628,037
Expenses	\$(168,928,172)
Operating Net Income/(Loss)	\$3,699,864
Operating Transfers/Non-Operating Items	\$(3,170,345)
Net Income/(Loss)	\$ 529,519

BACKGROUND INFORMATION

HACSB is the largest provider of affordable housing in San Bernardino County, administering multiple housing programs, including the Housing Choice Voucher (HCV) program and owns and operates a multi-family portfolio. The HCV program provides tenant-based subsidies, enabling low-income families to afford safe, quality housing in the private market, complementing our portfolio of physical units. The FFY 2024-25 budget and financial operations align with HACSB's vision, mission, Strategic Plan, and MTW Annual Plans, supporting affordable housing and community development across the county. We continue to focus on maintaining the agency's fiscal stability, customer service, innovation, best practices, partnerships that will assist our staff and families, and show a continued passion for our agency's mission. Based on the best practice to apprise HACSB's Board of Commissioners on the agency's financial position, HACSB is presenting the financial statements monthly.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Attachment – Consolidated Budget to Actuals 5.2025

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 21, 2025.

HACSB Budget Comparison

Period = Oct 2024-May 2025

	YTD Actual	YTD Budget	Variance	% Var	Annual
INCOME					
TENANT INCOME					
Total Rental Income	24,622,929	22,497,639	2,125,290	9.45	33,745,895
Total Other Tenant Income	583,560	397,945	185,615	46.64	595,147
NET TENANT INCOME	25,206,489	22,895,584	2,310,906	10.09	34,341,043
GRANT INCOME					
TOTAL GRANT INCOME	142,686,783	131,274,119	11,412,664	8.69	196,976,041
OTHER INCOME					
TOTAL OTHER INCOME	4,734,764	6,453,122	-1,718,359	-26.63	9,007,913
TOTAL INCOME	172,628,037	160,622,825	12,005,211	7.47	240,324,996
EXPENSES					
GRANT EXPENSES					
TOTAL GRANT EXPENSES	8,912,166	6,653,320	-2,258,846	-33.95	10,044,842
ADMINISTRATIVE					
Total Administrative Salaries	11,641,274	12,346,010	704,735	5.71	18,659,130
Total Legal Expense	427,065	432,457	5,392	1.25	648,657
Total Other Admin Expenses	4,965,222	5,603,302	638,079	11.39	8,444,201
Total Miscellaneous Admin Expenses	2,234,922	2,267,378	32,457	1.43	3,097,127
TOTAL ADMINISTRATIVE EXPENSES	19,268,483	20,649,147	1,380,664	6.69	30,849,115
TENANT SERVICES					
TOTAL TENANT SERVICES EXPENSES	40,444	118,393	77,949	65.84	179,867
UTILITIES					
TOTAL UTILITY EXPENSES	3,055,072	3,213,332	158,260	4.93	4,839,943
MAINTENANCE AND OPERATIONS					
Total General Maint Expense	2,777,931	2,641,517	-136,414	-5.16	3,982,483
Total Materials	956,522	769,028	-187,495	-24.38	1,152,934
Total Contract Costs	3,555,415	3,038,140	-517,275	-17.03	4,558,556
TOTAL MAINTENANCE EXPENSES	7,289,869	6,448,685	-841,184	-13.04	9,693,972
GENERAL EXPENSES					
TOTAL GENERAL EXPENSES	1,945,237	1,629,543	-315,694	-19.37	2,394,281
EXTRAORDINARY MAINTENANCE EXPENSES					
TOTAL EXTRAORDINARY MAINTENANCE EXPENSES	2,472,497	4,754,248	2,281,752	47.99	6,583,396
HOUSING ASSISTANCE PAYMENTS					
TOTAL HOUSING ASSISTANCE PAYMENTS	124,560,142	120,104,005	-4,456,137	-3.71	180,156,007
FINANCING EXPENSE					
TOTAL FINANCING EXPENSES	1,384,263	1,386,993	2,731	0.20	2,087,990
TOTAL OPERATING EXPENSES	168,928,172	164,957,666	-3,970,507	-2.41	246,829,414
OPERATING NET INCOME	3,699,864	-4,334,840	8,034,705	185.35	-6,504,418
NET OPERATING TRANSFER IN/OUT	0	0	0	N/A	0
NON-OPERATING ITEMS					
TOTAL NON-OPERATING ITEMS	3,170,345	0	-3,170,345	N/A	0
NET INCOME	529,519	-4,334,840	4,864,360	112.22	-6,504,418

**REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD
OF ACTION**

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as Collection Loss for the Month of June 2025

RECOMMENDATION(S)

Approve the expense of vacated tenant accounts for the Authority Owned Portfolio to be written off as collection losses for the month of June 2025.

(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

The accounts receivable loss for the month ending June 30, 2025, is \$34,067.61. The Housing Authority of the County of San Bernardino (HACSB) projects and anticipates collection losses in its annual budget. The true expense is reported after board approval.

SUMMARY FOR HACSB- Authority Owned Properties		
PROPERTY	NO. VACATED	TOTAL
407 - Sunset Pointe	1	5,715.00
408 - Sunrise Vista	1	2,524.00
410 - Merrill	1	7,538.00
416 - Arrowhead	1	332.00
421 - A Avenue	0	-
423 - Mesa Gardens	0	-
432b - Van Leuven 8	1	1,473.00
437 - Sunset Gardens	1	1,925.00
467 - Hillcrest	1	4,061.00
481 - Waterman Gardens	1	3,526.00
481130-Maplewood	0	-
481142-Upland	1	366.00
481170- 7th Street	1	6,567.00
Concessions Write Off	0	-
TOTAL RENT WRITE OFF	10	34,027.00
Miscellaneous Charges		550.00
Maintenance Charges		2,925.72
Legal Charges		7,150.89
Security Deposits Applied		(10,586.00)
NET TOTAL WRITE OFF		34,067.61

Vacated Tenant Accounts for the Authority Owned Portfolio to be Written Off as Collection Loss
for the Month of June 2025
September 9, 2025

BACKGROUND INFORMATION

On a monthly basis, HACSB records vacated tenant accounts for the Authority Owned Portfolio for the purpose of being written off to collection losses. Authority Owned Portfolio units are owned by HACSB and were either acquired or developed through a variety of partnerships with local governments and/or HACSB's non-profit affiliate Housing Partners I, Inc., and include public housing developments converted through the United States Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program.

Despite HACSB's efforts to collect the debts listed in the attached reports, it has been determined that such debts are uncollectible. As part of HACSB's standard property management business practices, the Board of Commissioners' approval is requested to write off these accounts as accounts receivable losses to the Authority Owned Portfolio. Losses during this time period (June 1 – June 30, 2025) are primarily for voluntary move-outs and evictions.

PROCUREMENT

Not applicable

ITEM ATTACHMENTS

- Attachment – AOP Vacated Accounts

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 21, 2025.

Housing Authority County of San Bernardino

Month End: 06/30/25

COLLECTION WRITE-OFFS - Authority Owned Portfolio

Item #	Last Name	First Name	ID No.	REASON	MONTHLY RENT	UNPAID RENT (*)	CONC. REVERSAL	UNPAID MISC (*)	MAINT. FEES	LEGAL FEES	TOTAL OWED	LESS DEPOSIT	NET DUE
407 - Sunset Pointe													
1	W	Q		E	959.00	5,715.00	-	300.00	585.00	1,500.00	8,100.00	875.00	7,225.00
											-		-
TOTALS:						5,715.00	-	300.00	585.00	1,500.00	8,100.00	875.00	7,225.00
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
1	3 Day Pay or Quit	03/07/25	Hand	03/28/25	04/08/25	N		N/A	06/03/25		06/03/25		

408 - Sunrise Vista													
2	H	K							(224.00)		(224.00)		(224.00)
3	W	E		V	1,400.00	2,524.00			600.69		3,124.69	1,050.00	2,074.69
							-						-
TOTALS:						2,524.00	-	-	376.69	-	2,900.69	1,050.00	1,850.69
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
2	Payment on bad debt												
3											06/02/25		

410 - Merrill													
4	K	C		E	1,582.00	7,538.00	-	50.00	1,120.00	1,500.00	10,208.00	1,400.00	8,808.00
							-				-		-
TOTALS:						7,538.00	-	50.00	1,120.00	1,500.00	10,208.00	1,400.00	8,808.00
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
4	3 Day Pay or Quit	02/10/25	Posted	02/21/25	04/02/25	Y		05/07/25	Vacated per stipulation judgement		06/23/25		

416 - Arrowhead													
5	B	R		V	1,550.00	332.00			114.00		446.00	400.00	46.00
TOTALS:						332.00	-	-	114.00	-	446.00	400.00	46.00
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
5	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A		06/16/25		

Housing Authority County of San Bernardino

Month End: 06/30/25

COLLECTION WRITE-OFFS - Authority Owned Portfolio

421 - A Avenue													
6	V	H					-		(172.00)		(172.00)		(172.00)
							-				-		-
TOTALS:						-	-	-	(172.00)	-	(172.00)	-	(172.00)
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
6	Adjustment to previous month writeoff												

423 - Mesa Gardens													
7	R	W							(100.00)		(100.00)		(100.00)
							-	-			-		-
TOTALS:						-	-	-	(100.00)	-	(100.00)	-	(100.00)
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
7	Payment on bad debt												

432b - Van Leuven 8													
8	C	A		T	1,475.00	1,473.00		50.00	633.00		2,156.00	700.00	1,456.00
											-		-
TOTALS:						1,473.00	-	50.00	633.00	-	2,156.00	700.00	1,456.00
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
8	3 Day Pay or Quit	06/09/25	Posted								06/23/25		

437 - Sunset Gardens													
9	M	W					-		(144.50)		(144.50)		(144.50)
10	M	J							(400.00)		(400.00)		(400.00)
11	S	D							(500.00)		(500.00)		(500.00)
12	G	N							(765.00)		(765.00)		(765.00)
13	P	J		V	1,750.00	1,925.00		50.00	1,410.00		3,385.00	2,450.00	935.00
							-				-		-
TOTALS:						1,925.00	-	50.00	(399.50)	-	1,575.50	2,450.00	(874.50)
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
9	Payment on bad debt												
10	Payment on bad debt												
11	Payment on bad debt												
12	Adjustment to previous month writeoff												
13	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A		06/03/25		

Housing Authority County of San Bernardino

Month End: 06/30/25

COLLECTION WRITE-OFFS - Authority Owned Portfolio

467 - Hillcrest												
14	E	C							(165.96)		(165.96)	(165.96)
15	A	J		E	967.00	4,061.00			566.00	1,500.00	6,127.00	992.00
TOTALS:					4,061.00	-	-	-	400.04	1,500.00	5,961.04	992.00
												4,969.04
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date	Vacate Date		
14	Payment on a bad Debt											
15	3 Day Pay or Quit	02/06/25	Posted	02/24/25	03/28/25	N		N/A	06/05/25	06/05/25		

481 - Waterman Gardens												
16	T	V		E	1,507.00	3,526.00		100.00	1,315.49	1,465.00	6,406.49	1,168.00
TOTALS:					3,526.00	-	100.00	-	1,315.49	1,465.00	6,406.49	1,168.00
												5,238.49
												-
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date	Vacate Date		
16	3 Day Pay or Quit	02/06/25	Posted	02/21/25	03/26/25	N		N/A	05/28/25	05/28/25		

481130-Maplewood												
17	V	K							(2,488.00)		(2,488.00)	(2,488.00)
TOTALS:					-	-	-	-	(2,488.00)	-	(2,488.00)	(2,488.00)
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date	Vacate Date		
17	Payment on bad debt											

481142-Upland												
18	R	R		V	\$1,097	366.00			75.00		441.00	320.00
												121.00
TOTALS:					366.00	-	-	-	75.00	-	441.00	320.00
												121.00
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date	Vacate Date		
18	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	06/10/25		

Housing Authority County of San Bernardino

Month End: 06/30/25

COLLECTION WRITE-OFFS - Authority Owned Portfolio

481170- 7th Street													
19	C	D		E	794.00	6,567.00			1,466.00	1,185.89	9,218.89	1,231.00	7,987.89
TOTALS:						6,567.00	-	-	1,466.00	1,185.89	9,218.89	1,231.00	7,987.89
Item #	Type of Notice	Date Notice Served	Posted or Hand Delivered	Date File Sent to Attorney	Date Attorney Filed in Court	Response Filed by Tenant (Y or N)		Court Date	Lock Out Date		Vacate Date		
19	30 Day Pay or Quit	11/07/24	11/07/24	12/16/24	03/03/25	N		NA	06/10/25		06/10/25		

ALL PROPERTY TOTALS:					34,027.00	-	550.00	2,925.72	7,150.89	44,653.61	10,586.00	34,067.61

REPORT/RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

September 9, 2025

FROM

MARIA RAZO, Executive Director, Housing Authority of the County of San Bernardino

SUBJECT

FY 2025-2026 Utility Allowance Schedules for the Housing Choice Voucher and Public Housing Programs

RECOMMENDATION(S)

Adopt Resolution No. 221 approving FY 2025-2026 Utility Allowance Schedules for the Housing Choice Voucher and Public Housing programs effective October 1, 2025.
(Presenter: Maria Razo, Executive Director, 332-6305)

STRATEGIC PLAN ALIGNMENT

Aspirational Statement #3: To pursue continued financial stability, monitoring, and accountability as stewards of limited funding.

FINANCIAL IMPACT

Despite the slight increase in the value of the utility allowances from the last review in 2024, the financial impact is anticipated to be minimal because these allowances only apply to approximately 10% of families served. Any increase in utility allowances does increase the Housing Authority of the County of San Bernardino's (HACSB) overall housing subsidy costs. However, every year, HACSB considers the changes to the utility allowances which are included in HACSB's 2025-2026 annual budget.

BACKGROUND INFORMATION

This item will allow HACSB to update the annual Utility Allowance Schedules, a requirement per Title 24 of the Code of Federal Regulations section 982.517(c). The purpose of the utility allowances is to offset the cost of tenant-paid utilities and appliances not included in the rental subsidy. The Utility Allowance Schedule is only applicable to families participating in the Family Self-Sufficiency Program and certain Special Purpose Voucher Programs, which equates to approximately 1,000 households. It does not apply to households in the other Housing Choice Voucher (HCV) Programs that are not enrolled in the Family Self-Sufficiency program as these households have the utility costs incorporated within their housing subsidy.

The Utility Allowance Schedules are based on current rates from local utility providers and energy consumption data specific to San Bernardino County, using the U.S. Department of Housing and Urban Development's (HUD) utility allowance tool. HACSB sets schedules for multi-family apartments, single-family homes, and manufactured homes within its special-purpose HCV programs. For Affordable Housing (Public Housing) communities, HACSB provides both standard and energy-efficient allowance schedules.

The Maplewood Homes Affordable Housing community is handled differently, since approximately one-third of the 296 units at that site have solar panels installed and the utility allowance schedules have been adjusted to ensure the savings are distributed to all the

households at the community. As a result, the utility allowances for air conditioning and other electric appliances have decreased for those units with solar panels and have increased for those units without solar panels.

If any utility rate has changed by 10% or more from the rate upon which the current allowance is based, HACSB is required by HUD to update the allowance for that utility. For many years, it has been HACSB's practice to update all utility allowances to reflect current rates at the time of review, regardless of the amount of change. However, last year, as a cost-reduction measure, only utility allowances with a change of 10% or more were updated. HACSB will continue this methodology for FY 2025-2026 Utility Allowance Schedules and only update the rates that have changed by 10% or more. In this year's review, natural gas, water, and appliances (range and refrigerator) utility rates increased between 13% to 25% since the 2024 utility allowances were adopted, which requires an update. Approval of this item will update the utility allowance schedules with the current rates for water, natural gas, and appliances.

PROCUREMENT

Not applicable.

ITEM ATTACHMENTS

- Resolution – No. 221
- Attachment 1 – HCV Utility Allowance Schedules
- Attachment 2 – PH Utility Allowance Schedules

REVIEW BY OTHERS

This item has been reviewed by General Legal Counsel, Fred Galante, on August 25, 2025.

HOUSING AUTHORITY RESOLUTION NO. 2025-221

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO APPROVING THE UTILITY ALLOWANCE SCHEDULES FOR THE HOUSING CHOICE VOUCHER AND PUBLIC HOUSING PROGRAMS EFFECTIVE OCTOBER 1, 2025

RECITALS

WHEREAS, the utility allowances relative to the Housing Choice Voucher and Public Housing programs are periodically reviewed;

WHEREAS, the Housing Authority of the County of San Bernardino (Authority) has conducted the review and has established new revised allowances for the resident, participant, and project-supplied utilities in accordance with current utility consumption and utility rate information; and

WHEREAS, the Authority has taken into consideration the energy performance measures for the units affected in the Affordable Housing (Public Housing) communities.

OPERATIVE PROVISIONS

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO DOES RESOLVE AS FOLLOWS:

Section 1. The Board of Commissioners finds that all of the facts set forth in the Recitals are true and correct, and are incorporated herein by reference.

Section 2. The Board of Commissioners hereby approves the updated FY 2025-2026 Utility Allowance Schedules relative to the Housing Choice Voucher and Public Housing programs effective October 1, 2025, a copy of which is attached hereto and incorporated herein by reference.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of San Bernardino, by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO) ss.

I, _____, Secretary of the Board of Commissioners of the Housing Authority of the County of San Bernardino, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Commissioners, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of Tuesday, September 9, 2025.

Secretary



Housing Choice Voucher Program

Allowances for
Tenant-Furnished Utilities
and Other Services

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Locality San Bernardino County	Age mixed	Unit Type Apartment	Date (mm/dd/yyyy) 10/1/2025

Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Heating	a. Natural Gas	27	31	34	38	41	45	48
	b. Bottle Gas	65	75	82	92	99	109	115
	c. Electric	32	40	53	63	74	84	95
Cooking	a. Natural Gas	5	6	8	11	13	15	16
	b. Bottle Gas	12	15	19	27	31	36	39
	c. Electric	13	16	23	32	44	52	61
Other Electric		51	60	83	107	131	159	180
Air Conditioning		27	33	50	69	85	100	133
Water Heating	a. Natural Gas	10	12	18	24	30	27	29
	b. Bottle Gas	24	29	44	58	73	65	70
	c. Electric	31	36	52	67	82	98	112
Water		54	56	73	99	125	151	171
Sewer		45	45	45	45	45	45	45
Trash Collection		31	31	31	31	31	31	31
Range/Microwave		7	7	7	7	7	7	7
Refrigerator		5	5	5	5	5	5	5
Other - specify		0	0	0	0	0	0	0

Actual Family Allowances to be used by the family to compute allowance. Complete below for the actual unit rented.		Utility or Service	Monthly Cost
Name of Family		Heating	
		Cooking	
		Other Electric	
Address of Use		Air Conditioning	
		Water Heating	
		Water	
		Sewer	
		Trash Collection	
		Range/Microwave	
		Refrigerator	
Number of Bedrooms		Other	
		Total	\$

Previous editions are obsolete

Spreadsheet based on form HUD-52667 (4/2023).
ref. Handbook 7420.8

Any individual, company, corporation, government agency or organization using these utility allowances shall indemnify, defend, and hold harmless the Housing Authority of the County of San Bernardino, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and attorney fees (including, without limitation, costs, attorney fees, expert witness fees, and other expenses of litigation) of every nature arising out of or in connection with the use of these utility allowances under any circumstances.



Housing Choice Voucher Program

Allowances for
Tenant-Furnished Utilities
and Other Services

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Locality San Bernardino County	Age mixed	Unit Type Detached Houses	Date (mm/dd/yyyy) 10/1/2025

Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Heating	a. Natural Gas	37	43	49	54	60	66	71
	b. Bottle Gas	90	104	119	131	145	160	172
	c. Electric	73	86	98	110	121	133	151
Cooking	a. Natural Gas	5	6	8	11	13	15	16
	b. Bottle Gas	12	15	19	27	31	36	39
	c. Electric	13	16	27	36	47	56	64
Other Electric		75	88	123	163	204	247	280
Air Conditioning		21	26	68	106	144	182	201
Water Heating	a. Natural Gas	13	15	23	30	38	46	49
	b. Bottle Gas	31	36	56	73	92	111	120
	c. Electric	39	50	69	89	106	122	137
Water		54	56	73	99	125	151	173
Sewer		45	45	45	45	45	45	45
Trash Collection		31	31	31	31	31	31	31
Range/Microwave		7	7	7	7	7	7	7
Refrigerator		5	5	5	5	5	5	5
Other - specify		0	0	0	0	0	0	0

Actual Family Allowances to be used by the family to compute allowance. Complete below for the actual unit rented.		Utility or Service	Monthly Cost
Name of Family		Heating	
		Cooking	
		Other Electric	
Address of Use		Air Conditioning	
		Water Heating	
		Water	
		Sewer	
		Trash Collection	
		Range/Microwave	
		Refrigerator	
Number of Bedrooms		Other	
		Total	\$

Previous editions are obsolete

Spreadsheet based on form HUD-52667 (4/2023).
ref. Handbook 7420.8

Any individual, company, corporation, government agency or organization using these utility allowances shall indemnify, defend, and hold harmless the Housing Authority of the County of San Bernardino, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and attorney fees (including, without limitation, costs, attorney fees, expert witness fees, and other expenses of litigation) of every nature arising out of or in connection with the use of these utility allowances under any circumstances.



Housing Choice Voucher Program

Allowances for
Tenant-Furnished Utilities
and Other Services

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Locality San Bernardino County	Age mixed	Unit Type Manufactured homes	Date (mm/dd/yyyy) 10/1/2025

Utility or Service

Monthly Dollar Allowances

		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Heating	a. Natural Gas	32	37	41	46	51	56	61
	b. Bottle Gas	77	90	99	111	123	136	147
	c. Electric	80	93	96	98	101	103	115
Cooking	a. Natural Gas	5	6	8	11	13	15	16
	b. Bottle Gas	12	15	19	27	31	36	39
	c. Electric	13	16	27	36	47	56	58
Other Electric		75	88	123	163	204	247	288
Air Conditioning		26	33	63	89	115	142	180
Water Heating	a. Natural Gas	13	15	23	30	38	46	49
	b. Bottle Gas	31	36	56	73	92	111	120
	c. Electric	39	50	69	89	106	122	135
Water		54	56	73	99	125	151	171
Sewer		45	45	45	45	45	45	45
Trash Collection		31	31	31	31	31	31	31
Range/Microwave		7	7	7	7	7	7	7
Refrigerator		5	5	5	5	5	5	5
Other - specify		0	0	0	0	0	0	0

Actual Family Allowances to be used by the family to compute allowance.

Complete below for the actual unit rented.

Name of Family

Address of Use

Number of Bedrooms

Utility or Service	Monthly Cost
Heating	
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

Spreadsheet based on form HUD-52667 (4/2023).

ref. Handbook 7420.8

Previous editions are obsolete

Any individual, company, corporation, government agency or organization using these utility allowances shall indemnify, defend, and hold harmless the Housing Authority of the County of San Bernardino, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and attorney fees (including, without limitation, costs, attorney fees, expert witness fees, and other expenses of litigation) of every nature arising out of or in connection with the use of these utility allowances under any circumstances.



AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Non Energy Performance Contract							
Effective October 1, 2025							
APARTMENTS							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	9	9	10	12	13	15
	Water Heating	26	26	30	35	39	45
	Space Heating	35	35	41	47	52	59
	Air Conditioning	12	12	14	16	18	21
	Other Electric	35	35	41	47	52	59
Gas							
	Cooking	9	9	12	14	17	19
	Water Heating	42	46	56	69	81	94
	Space Heating	33	36	45	55	64	74
Bottle Gas							
	Cooking	21	23	28	35	40	47
	Water Heating	102	111	136	168	196	227
	Space Heating	81	88	108	133	156	180
Water		43	53	69	91	112	129
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7

AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Non Energy Performance Contract							
Effective October 1, 2025							
HOUSES							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	9	9	10	12	13	15
	Water Heating	27	27	31	36	40	46
	Space Heating	36	36	42	48	54	61
	Air Conditioning	13	13	15	17	19	21
	Other Electric	36	36	42	48	54	61
Gas							
	Cooking	9	10	12	15	17	20
	Water Heating	43	47	58	71	83	96
	Space Heating	34	37	46	57	66	77
Bottle Gas							
	Cooking	22	23	29	36	42	48
	Water Heating	105	114	140	173	202	233
	Space Heating	83	91	111	137	160	185
Water		43	53	71	93	114	131
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7



AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Energy Performance Contract							
Effective October 1, 2025							
Apartments - Energy Performance Contract							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	3	7	8	10	11	12
	Water Heating	8	22	25	29	32	36
	Space Heating	11	29	33	39	43	48
	Air Conditioning	4	10	12	13	15	17
	Other Electric	11	29	33	39	43	48
Gas							
	Cooking	8	8	10	11	13	15
	Water Heating	37	39	46	56	64	72
	Space Heating	29	31	37	44	51	57
Bottle Gas							
	Cooking	18	19	23	28	32	36
	Water Heating	88	95	112	135	154	175
	Space Heating	70	75	89	107	122	139
Water		39	47	59	73	85	95
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7



AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Energy Performance Contract							
Effective October 1, 2025							
Houses - Energy Performance Contract							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	3	8	9	10	11	12
	Water Heating	9	23	26	30	33	37
	Space Heating	12	30	34	40	45	50
	Air Conditioning	4	11	12	14	16	17
	Other Electric	12	30	34	40	45	50
Gas							
	Cooking	8	8	10	12	13	15
	Water Heating	38	40	48	57	66	74
	Space Heating	30	32	38	45	52	59
Bottle Gas							
	Cooking	19	20	24	29	33	37
	Water Heating	91	97	116	139	159	180
	Space Heating	72	77	92	110	126	143
Water		40	48	59	74	87	97
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7



AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Energy Performance Contract							
Maplewood Homes - Solar							
Effective October 1, 2025							
Apartments - Energy Performance Contract							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	3	7	8	10	11	12
	Water Heating	8	22	25	29	32	36
	Space Heating	11	29	33	39	43	48
	Air Conditioning	0	0	0	0	0	0
	Other Electric	10	10	10	10	10	10
Gas							
	Cooking	7	7	8	10	12	13
	Water Heating	32	35	41	49	56	64
	Space Heating	26	27	33	39	45	51
Bottle Gas							
	Cooking	16	17	20	24	28	32
	Water Heating	78	84	99	119	136	155
	Space Heating	62	66	79	94	108	123
Water		39	47	59	73	85	95
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7



AFFORDABLE HOUSING PROGRAM							
Utility Allowance Schedule Energy Performance Contract							
Maplewood Homes - Non-Solar							
Effective October 1, 2025							
Apartments - Energy Performance Contract							
	Bedrooms:	0	1	2	3	4	5
Electric							
	Cooking	3	7	8	10	11	12
	Water Heating	8	22	25	29	32	36
	Space Heating	11	29	33	39	43	48
	Air Conditioning	4	10	12	13	15	17
	Other Electric	56	74	78	83	88	93
Gas							
	Cooking	7	7	8	10	12	13
	Water Heating	32	35	41	49	56	64
	Space Heating	26	27	33	39	45	51
Bottle Gas							
	Cooking	16	17	20	24	28	32
	Water Heating	78	84	99	119	136	155
	Space Heating	62	66	79	94	108	123
Water		39	47	59	73	85	95
Sewer		37	37	37	37	37	37
Trash		32	32	32	32	32	32
Refrigerator		5	5	5	5	5	5
Range/Microwave		7	7	7	7	7	7