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August 30, 2024

VIA EMAIL & UNITED STATES MAIL

Grass Valley City Council
c/o Taylor Day, City Clerk
CITY OF GRASS VALLEY
125 E. Main Street
Grass Valley, CA 95945

Lucy Rollins
Senior Planner
CITY OF GRASS VALLEY
125 E. Main Street
Grass Valley, CA 95945

**Re: September 10, 2024, Hearing on Cascade Housing
Association's Appeal of Applications 24PLN-0008, -
0009, and -0010**

Dear Honorable Councilmembers and Ms. Rollins:

During its August 13, 2024, hearing on Cascade Housing Association's ("Cascade") Appeal of Applications 24PLN-0008, -0009, and -0010 (the "Appeal"), the City Council requested additional information from Cascade. I have enclosed a narrative attachment and supporting documentation from Cascade in response to the Council's requests.

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WANGER JONES HELSLEY PC

Grass Valley City Council

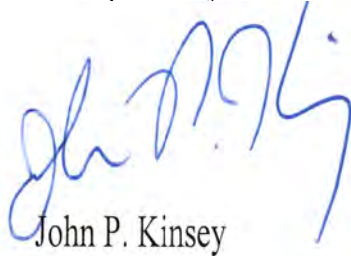
Ms. Lucy Rollins

August 30, 2024

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Should you have any questions regarding the enclosed information or any further questions regarding the facilities at issue in the Appeal, I would be happy to discuss the issue further with the appropriate representatives of the City.

Respectfully submitted,



John P. Kinsey

Enclosures

cc: Michael Colantuono,

Attachment

[Information Requested by City Council]

This document includes Cascade Housing Association’s (“Cascade”) responses to the requests for information made verbally by the Grass Valley City Council (“City” or “Council”) at the August 13, 2024, hearing on Cascade’s appeal.

Recoverable Depreciation:

Council Request: At the August 13, 2024 hearing, the Council inquired whether Cascade experienced any losses and, if expenses could be written off. The Council similarly asked about whether Cascade could take advantage of any recoverable depreciation associated with the destruction of the original carports.

Response: One of the benefits associated with Cascade being a non-profit entity is that any positive cashflow it carries over from year to year is not taxable as profit. That said, as a 501(c)(3) non-profit entity with no tax burden, Cascade does not receive an offset to any taxable income (or any other benefit) due to a loss. As a result, Cascade does not receive any tax benefit, whether in the form of write-offs or recoverable depreciation, as a result of any business expenses or losses. (See **Exhibit A**.)

Moreover, even if Cascade were a for profit entity, according to Cascade’s accountant, carports are generally depreciated over a 15-year period, and the carports were over 15-years old at the time of the snow event. (See **Exhibit A**.)

Lease Agreements:

The Council requested that Cascade confirm whether its lease agreements include any terms contemplating that covered parking be made available.

Response: There are no terms within any of the lease agreements that contemplate covered parking would be made available to any resident. Cascade is enclosing copies of its form contracts as **Exhibit B** [Oak Ridge Rental Agreement], **Exhibit C** [Cedar Park Rental Agreement], and **Exhibit D** [Glenbrook Rental Agreement].

Cambridge Real Estate Services Management of Ingress/Egress During Strong Winter Events:

The City Council inquired about how Cascade’s property managers address severe snow and ice events.

Response: Cambridge Real Estate Services (the “Property Manager”) for Cascade executes several procedures to assist with emergency response and the monitoring of vulnerable areas during severe winter events.

Attachment

[Information Requested by City Council]

These practices include:

When temperatures fall below zero, the following and other practices are implemented by management staff:

- Physical inspections of all vacant units, laundry facilities, and common areas during all freeze events.
- Management staff runs water to avoid pipeline freezes, and proactively inspects for frozen pipes and drain lines to avoid disruptions in utilities. Significant attention is paid to lower-level units for signs of frozen drain lines in buildings with stacked units. Areas with exposed piping are inspected multiple times throughout the day.
- Management staff turns on the heat in all vacant units, laundry facilities, and common areas. Management staff also uses portable plug-in accordion heaters to augment common HVAC heat to ensure temperatures are safe and comfortable.
- Management staff inspects fire suppression sprinkler systems, including the inspection of all riser rooms, stairwells with equipment, and control valve rooms.

All winter storm events, including freezing events, management performs the following additional activities:

- Sending email blasts to residents with detailed instructions depending on the nature of the event.
- Surveying property for priority issues, including blocked entrances/exits, fallen tree limbs or trees.

When temperatures return to above freezing, management staff performs the additional activities:

- Further physical inspections of all vacant units, laundry facilities, and common areas.
- Further temperature control as needed.
- Perform inspections to run water, and check for frozen pipes and drain lines.
- Buildings with stacked units are inspected top-down and bottom-up, especially for water-related issues and physical damage.
- Perform physical inspections of fire suppression systems, including the inspection of all riser rooms, stairwells with equipment, and control valve rooms with sprinkler heads exposed.
- Check drains (roof, common area, parking lot, and related areas), and remove debris to avoid flooding.

During snow events, property management facilitates the removal of snow accumulating on pathways, sidewalks, and common areas when it is safe and feasible to do so. If carports are present, rock salt/ice melt is applied to the top of the structures to enhance the melting process. Once snow has accumulated to approximately 4 inches, a snow removal vendor is contacted to clear the entrances/exits, parking lots and driveways.

Attachment **[Information Requested by City Council]**

This year, property management will commence sending flyers to residents in its Grass Valley apartments similar to that sent annually to its higher-elevation properties, such as Truckee, California. (See **Exhibit E**.)

Request for AMI/Income Levels By County:

The City Council requested to see the AMI/income levels for each county and rent detail for each property.

Response: Exhibit F is a memorandum from the California Tax Credit Allocation Committee (CTCAC) entitled “2024 Income Limits and Maximum Rents.” This memorandum includes information regarding Nevada County income and rent levels highlighted for all three properties.

Exhibits G, H, and I are Marketing Flyers for each property reflecting the maximum rent allowed per unit, minus the utility allowances of the County.

The affordability restrictions are also outlined in the Tax Credit Worksheets included as **Exhibits J, K, and L**.

Requirements for Full Replacement Coverage: The Council also asked if there was any condition or other requirement in Cascade’s loan document mandating that Cascade maintain full replacement coverage for the carports.

Response: Information regarding insurance requirements from the State of California are enclosed as **Exhibit M & Exhibit N** [Relating to Cedar Park and Glenbrook; Exhibit B of each Regulatory Agreement] and **Exhibit O** [Oak Ridge Multifamily Loan and Security Agreement, located in Article 9].

It is unclear per the insurance requirements set by the lenders as to the extent of coverage that was needed specifically for the carports. After consulting with the California Housing Financing Agency (“CalHFA”) it was clear that the approval to not replace the carport structures was the lender’s stance, as you will see in email correspondence as **Exhibit P**.

Construction Proposals:

The Council noted that the proposal for the replacement of the carports was provided from a company whose principal was subsequent hired by Cascade, and thus requested additional construction proposals for the replacement of the carports.

Response: Cascade has obtained two new construction proposals for the replacement of the carports, which are enclosed as **Exhibit Q** and **Exhibit R**.

Attachment

[Information Requested by City Council]

Number of Carports Full/Partially Damaged: The Council requested greater detail regarding the number of spaces that were affected by structural integrity issues, including those carports that were damaged fully or partially.

Response: Prior to the storm event, the properties including the following number of covered carports:

- Cedar Park: 20 structures covering 81 spaces [out of 193 spaces total]
- Glenbrook: 12 structures covering 56 spaces [out of 110 spaces total]
- Oak Ridge: 16 structures covering 67 spaces [out of 144 spaces total]

During the January 2023 extreme weather event, all of the parking structures experienced some form of structural damage, including catastrophic failure. It is clear the decision to remove all carport structures was supported by both the Carport Condition Assessment attached as **Exhibit S** [Glenbrook] and the letters from Farmers Insurance claims adjuster of the field inspections, attached as **Exhibit T** [Oak Ridge] and **Exhibit U** [Cedar Park].

Multi-Year Annual Income Statement:

The Council requested that Cascade provide more detailed information to show the carports would be unduly burdensome from a financial perspective.

Response: Cascade has compiled additional financial information for the City's review. This information will be provided following the execution of an agreement with the City to maintain the confidentiality of those records.

Inspection Reports:

The Council also requested TCAC and other lender inspection reports for the three properties prior to the January 2023 snowstorm.

Response: the inspection reports for the three properties are attached as **Exhibit V** [Glenbrook], **Exhibit W** [Cedar Park], and **Exhibit X** [Oak Ridge].

In addition, prior to the January 2023 snowstorm, the carports were inspected at least weekly by property management and maintenance staff.

Attachment **[Information Requested by City Council]**

Other Information:

In addition to the information submitted in response to questions from the City Council, Cascade believes the following additional information would be helpful for the City Council to better understand Cascade's activities immediately following the catastrophic carport failures.

We understand Cascade has received criticism for not contacting the City to receive demolition permits for the carports. This was unintentional. Cascade believed it was acting in a manner that was reasonably prudent by removing the carports to avoid personal injury and further damage to private property. In addition, as you will see from **Exhibit P**, Cascade contacted the California Housing Financing Agency to confirm the carport removal was allowed under Section 12(d) of Cascade's Regulatory Agreement. This effort to contact a state agency shows Cascade's good faith in seeking to immediately resolve a threatened safety concern in a manner consistent with applicable rules and regulations.

The pictures in the documents attached as **Exhibits Y and Z**, in turn, include pictures of the collapsed carports, which demonstrate the need for urgency to avoid harm to Cascade's residents.

EXHIBIT “A”

Denni Ragsdale

Subject: FW: Grass Valley Carport Depreciation

From: Steve Bjorklund <Steve@BandMcpa.com>
Sent: Thursday, August 22, 2024 8:59 AM
To: Kristi Isham <kristi.isham@cascadehousing.org>; Ron Montplaisir <rmontplaisir@ironcreektax.com>
Cc: Denni Ragsdale <denni.ragsdale@cascadehousing.org>
Subject: RE: Grass Valley Carport Depreciation

Kristi,

Carports are generally depreciated over a 15 year period for tax purposes.

Cascade Housing Association ("CHA") is a tax-exempt entity under Internal Revenue Code Section 501©(3). Since CHA is a tax-exempt entity it receives no direct federal tax benefit from claiming depreciation expense.

Steve

Steven R. Bjorklund

Iron Creek Tax & Consulting - Portland, OR
Tel (503) 643-6400 ext. 2001
Fax (503) 641-4345

To send files to me via my secure upload service (ShareFile by Citrix), [Click Here](#) or type the url into your web browser:
<https://cpa.sharefile.com/r-rfc0718af5cc64a3fbba79c2a4d4ff25b>

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From: Kristi Isham <kristi.isham@cascadehousing.org>
Sent: Tuesday, August 20, 2024 11:22 AM
To: Ron Montplaisir <Ron@BandMcpa.com>; Steve Bjorklund <Steve@BandMcpa.com>
Cc: Denni Ragsdale <denni.ragsdale@cascadehousing.org>
Subject: Grass Valley Carport Depreciation

Hello Gentleman,

Currently working with City Council in Grass Valley about carports that failed during the snow storm 2023. One question that I need your help with is
From the insurance pay out, is the depreciation amount a write off for Cascade Housing.

Thank you,

Kristi

Sent from my Verizon, Samsung Galaxy smartphone
Get [Outlook for Android](#)

EXHIBIT “B”

<input type="checkbox"/> MOVE-IN		<input type="checkbox"/> LEASE RENEWAL		<input type="checkbox"/> TRANSFER OLD UNIT # _____		<input type="checkbox"/> FILE CHANGES				
PARTIES	DATE		PROPERTY NAME / NUMBER Oak Ridge Apartments							
	RESIDENTS (NAME ALL ADULTS):									
	PREMISES ADDRESS			UNIT #	CITY	STATE	ZIP			
	OWNER/AGENT					PHONE				
ADDRESS				CITY	STATE	ZIP				
TENANCY	<input type="checkbox"/> LEASE TERM BEGINNING:		AND ENDING:							
	<input type="checkbox"/> CHECK IF EARLY TERMINATION PROVISION APPLIES. AMOUNT: \$		(1/2 TIMES MONTHLY STATED RENT IF BLANK)							
	<input type="checkbox"/> MONTH TO MONTH BEGINNING:		RENT DUE DATE (IF OTHER THAN FIRST):							
FINANCIAL TERMS	MONTHLY STATED RENT	\$	RENT DUE AT MOVE IN		DUE	\$				
	OTHER	\$	FROM	THRU						
	OTHER	\$	SECOND RENT PAYMENT		DUE	\$				
	OTHER	\$	FROM	THRU						
	OTHER	\$	SECURITY DEPOSIT (REFUNDABLE)				\$			
	TOTAL MONTHLY CHARGES	\$	ADDITIONAL SECURITY DEPOSIT (PETS, ETC.)				\$			
	LATE CHARGE: (CHOOSE ONE)	<input type="checkbox"/> FLAT FEE OF \$	PET FEE				\$			
		<input type="checkbox"/> PER DAY @ \$	NON-REFUNDABLE FEES (DESCRIBE OWNER / AGENT EXPENSE)				\$			
	<input type="checkbox"/> 5% OF STATED RENT EVERY 5 DAYS	OTHER MONTHLY CHARGES				\$				
RETURN CHECK CHARGE:	\$	<input type="checkbox"/> IF CHECKED, DEPOSITS WILL BE HELD BY OWNER.								
PRO-RATE METHOD:	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C (See #1 on page 2)									
OTHER OCCUPANTS	NAME	DATE OF BIRTH	MAKE/MODEL	STATE	LICENSE PLATE #	RENT	+\$ _____			
						DEPOSITS	+\$ _____			
						FEES	+\$ _____			
						OTHER	+\$ _____			
						PRIOR PAYMENT	-\$ _____			
						EXECUTION DEPOSIT	-\$ _____			
							\$ _____			
						\$ _____				
						TOTAL DUE AT MOVE IN	+\$ _____			
<p>SMOKE ALARMS: California law requires smoke detectors to be installed in all dwelling units intended for human occupancy. Resident acknowledges and the owner/landlord certifies that the unit is equipped with an operable smoke detector as required by California Health and Safety Code Sections 13113.7 and 13113.8 and that the smoke alarm is approved and listed by the State Fire Marshal and installed in accordance with the State Fire Marshal's regulations. The owner/landlord is responsible for testing and maintaining smoke detectors in the lodging houses and common stairwells of apartment complexes and other multiple dwelling complexes. Resident acknowledges that an owner/landlord or any other authorized agent of the owner may enter any dwelling unit owned by the owner for the purposes of installing, repairing, testing, and maintaining single station smoke detectors as required by California law. Except in cases of emergency, the owner/landlord or any other authorized agent of the owner shall give the Resident reasonable notice in writing of the intention to enter and shall enter only during normal business hours. Twenty-four hours shall be presumed to be reasonable notice in the absence of evidence to the contrary. It is the Resident's responsibility to notify the owner/landlord if the Resident becomes aware of an inoperable smoke detector within his or her dwelling unit. The smoke detectors must be centrally located outside each sleeping area. The owner/landlord or any other authorized agent of the owner shall correct any reported deficiencies in the smoke detector and shall not be in violation of Section 13113.7 when he or she has not received notice of the deficiency.</p> <p>TYPE OF SMOKE ALARM: <input type="checkbox"/> 10-YEAR BATTERY <input type="checkbox"/> ELECTRIC <input type="checkbox"/> ELECTRIC WITH BATTERY BACK UP</p>										
						INITIAL HERE _____				
UTILITIES	PAYED FOR / PROVIDED BY:	ELECTRICITY	WATER	SEWER	GARBAGE SERVICE	GARBAGE CONTAINER	BASIC CABLE	GAS	OTHER	PETS (NUMBER & TYPE - APPROVED BY MANAGEMENT)
	OWNER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	APPROVED FOR USE: <input type="checkbox"/> WATERBED <input type="checkbox"/> AQUARIUM <input type="checkbox"/> MUSICAL INSTRUMENTS <input type="checkbox"/> IF CHECKED, RENTER'S INSURANCE IS REQUIRED
	RESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	THE FOLLOWING UTILITIES OR SERVICES PAID FOR BY TENANT WILL BENEFIT OTHER TENANTS OR MANAGEMENT.							SERVICE CHARGE FOR CABLE / INTERNET / ETC. (\$ or %) _____		
ANY YARD INCLUDED IN THE LEASED PREMISES WILL BE MAINTAINED BY: <input type="checkbox"/> RESIDENT <input type="checkbox"/> OWNER / AGENT										
<p>IF THE TENANCY IS FOR A SET TERM, RESIDENT MUST GIVE OWNER/AGENT WRITTEN NOTICE OF INTENT TO VACATE AT LEAST 30 DAYS PRIOR TO THE END OF THE TERM OR THE TENANCY WILL, AT THE OPTION OF THE OWNER, CONVERT TO A MONTH TO MONTH TENANCY AUTOMATICALLY.</p> <p>SPECIAL LEASE PROVISIONS AND/OR DISCLOSURES:</p>										
<p>I / WE HAVE READ AND AGREE TO THE TERMS AND CONDITIONS LISTED ON BOTH PAGES OF THIS CONTRACT.</p>										
RESIDENT X			DATE			RESIDENT X			DATE	
IN CASE OF EMERGENCY NOTIFY:				STREET ADDRESS				PHONE		
OWNER / AGENT X						DATE		IF APPLICABLE, REAL ESTATE BROKER APPROVAL		
						DATE				

TERMS AND CONDITIONS

- RENTS:** Rents are due and payable on the first of the month and must be paid on time. If rent is not paid by the end of the _____ day of the month a late fee in the amount stated on your Rental Agreement will be imposed on the _____ day of the month and Owner (as used herein "Owner" or "Landlord" shall mean the owner and landlord of the property described on the front page of this Agreement) and its Agents (as used herein, "Agent" shall mean any authorized agent of Owner) may require the rent payment and late fee to be paid by certified check or money order. Partial payments will not be accepted without prior management approval. To protect Owner and its agents, Owner may refuse to accept cash payments of rent, rent payments from anyone other than the Resident (as used herein, "Resident" or "Tenant" shall mean a party identified as such on the front of this Agreement and a tenant of the property described on the front of this Agreement) or multiple checks for rent. If any check from Resident has been dishonored for any reason, Owner may require Resident to make all future rent payments by certified check or money order. Month to month rents may be increased with a 30 day written notice. The daily prorates of rents and other monthly charges will be based on one of the following methods chosen by the Owner/Agent, which method will be consistently applied throughout the rental term: a) a 360 day year composed of twelve months of 30 days each; b) a 365 day year; or c) the actual number of days in the current month. The daily amount will be multiplied by the actual number of days of occupancy in the current month. NOTE: Unless otherwise specified, the pro-rate shall be based on a 365 day year. Rent payments are to be made in the form of cash, check, certified check or money order, subject to the limitations set out in this section and in CA Civil Code Section 1947.3. If rent payments are made personally, they shall be made to the Owner/Agent at the address listed on the front page of this Rental Agreement. Except where formal hours are posted otherwise, usual business hours will be from _____ to _____ weekdays. Weekend business hours may be posted at the Owner/Agent's discretion; otherwise, weekends and holidays will be by appointment.
- NONPAYMENT OF RENT NOTICES:** Timely payment of rent by the due date is of the essence and failure to pay the contract rent on or before the specified due date will subject the Resident to immediate service of a three-day notice to pay rent or quit.
- APPLICATION OF PAYMENTS:** All payments made by Resident to Owner after the tenancy commences, no matter how designated by Resident, may be applied by Owner as follows: first to any outstanding amounts due landlord for damages/repairs, utilities, deposits, fees, etc.; second, to any rent outstanding from prior months; third, to the current month's rent, and last, to outstanding late charges.
- EARLY TERMINATION OF LEASE:** If this is a lease for a set term, failure by the Resident(s) to complete the term because of a voluntary termination by Resident(s) or termination by the Landlord for a Resident breach, will expose Resident(s) to the payment of damages. If the early termination box is checked on the front of this agreement to allow Resident(s) to terminate early without uncertainty as to the amount that will be owed as a result, it is agreed that upon any failure of Resident(s) to occupy the unit for the full term, for any reason, Resident(s) will pay to Landlord, in lieu of all other damages or amounts that could be recovered, all of the following: a) all rent, unpaid fees and other non-rent charges accrued prior to the date the unit is vacated; b) all damages relating to the condition of the unit; c) if Resident has given at least 30 days notice of the early termination, an early termination fee in the amount set forth on the front of this agreement, or if none stated, equal to 1½ month's stated rent to cover Owner's potential vacancy loss and advertising and administrative costs associated with re-renting the unit and if Resident has not given at least 30 days notice of the early termination the fee will be 150% of the previously stated amount to cover the increased rental loss associated with no advance notice; and d) interest on the above amounts at the statutory rate from the date each was due. The early termination fee is due on the earlier of the date Resident(s) give notice to vacate or the date the unit is vacated. All other amounts are due at the times specified in this agreement. If the early termination box is not checked, Resident will be liable to Landlord for all actual damages resulting from the early termination, including but not limited to: repayment of concessions; all rent through the earlier of the date the unit is re-rented and the lease termination date; advertising and administrative costs to re-rent the unit; concessions given to re-rent the unit; the difference in rent if a lower rental rate is received from a replacement resident during the remaining term of the original rental agreement; and the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that the Resident proves could be reasonably avoided.
- TERMINATION:** A 30 day written notice to terminate will be required for a month to month tenancy. **If the tenancy is for a set term, Resident must give Landlord written notice of intent to vacate at least 30 days prior to the end of the term or the tenancy will, at the option of Landlord, convert to a month to month tenancy automatically, with all conditions, rules and regulations continuing.** Such month to month tenancy may be terminated by Resident after service upon Owner/Agent of a written 30-day Notice of Termination. Except as prohibited by law, that month to month tenancy may be terminated by the Owner/Agent by service upon the Resident of a written 60-day notice of termination of tenancy. However, Civil Code Section 1946.1 provides that "if any tenant or resident has resided in the dwelling for less than one year," the Owner/Agent may terminate the tenancy by service upon the Resident of a written 30-day notice.
- PETS, WATERBEDS AND MUSICAL INSTRUMENTS:** No cats, dogs or other pets capable of causing damage to persons or property are allowed without a signed Pet Agreement, and a pet fee paid by the Resident. The Resident will be responsible for any and all damage caused by their pets. Waterbeds are permissible only with proper insurance and written approval by management. Pianos and organs are not allowed without the written consent of management.
- OCCUPANTS:** The unit will be used only for housing persons listed on the Rental Agreement. Additional Residents must be approved by management and are subject to full screening procedures. Persons other than those specifically listed on the Rental Agreement shall be strictly prohibited from staying in the rental unit for more than 10 consecutive days, or a total of twenty days in any twelve month period. For purposes of this section, "staying in the rental unit" means presence on the premises for a substantial amount of time, whether during the day or overnight, and shall include, but not be limited to, long-term or regular

- house guests, live-in baby-sitters, visiting relatives, etc. Resident shall notify the Landlord in writing at the earlier of: any time the Resident expects any guest to be staying in excess of the time limits contained in this paragraph; or when such person in fact stays in excess of such time limits. Subsidized Residents shall be required to submit a report to the Landlord identifying any persons not identified on the Rental Agreement and staying in the rental unit for more than 10 consecutive days, or twenty nonconsecutive days in any twelve month period, and shall state whether such person is contributing to the income of the Resident and to what extent.
- SUBLETTING:** Transfer of any interest in this agreement or subletting the premises is not permitted without Owner/Agent written approval.
 - CARE OF PREMISES:** The Resident agrees to keep all areas of the premises clean, sanitary and free from any accumulations of debris, filth, rubbish and garbage and to dispose of same in a proper manner. Residents shall take particular caution regarding the use of cigarettes and other fire hazards. Residents shall not store flammable or hazardous materials. Residents are responsible for all damages to furnishings or premises caused by their negligence. Resident shall report leaky or defective faucets at once. Expense or damage caused by stoppage of waste pipes or overflows of bathtubs, toilets or wash basins must be paid by the Resident as well as any damage to the building or furnishings other than ordinary wear and tear. The Resident shall be responsible for notifying the Owner/Agent when Resident becomes aware of an inoperable dead bolt lock or window security or locking device in the dwelling unit.
 - USE OF AND CHANGES TO PREMISES:** All electrical, plumbing, sanitary, heating, ventilating, air conditioning and other facilities or appliances on the premises are to be used in a reasonable manner. Resident will immediately obtain, pay for and not allow to be disconnected or discontinued the utilities for which Resident is responsible. Resident will make no changes or additions to the premises or install anything on the walls, ceilings or in the windows without the prior written consent of Owner/Agent. Satellite dishes and/or antennas will be allowed only in strict compliance with Owner/Agent's Satellite Dish policy and applicable law.
 - DAMAGE:** The Resident agrees not to destroy, damage, deface or remove any part of the premises or permit any persons to do so and to assume all liability for damages other than ordinary wear and tear.
 - SECURITY DEPOSITS:** All refundable deposits, however designated, may be used to offset any damage, unusual wear and tear or unpaid accounts (including rent) either during the tenancy or at the time of move-out. If used during the tenancy, Resident will replenish it upon demand. If applied at move-out, any excess will be refunded within the time required by law. Any deficiency will be due from you at the time the accounting is sent to you. Any amounts not paid by you within 31 days of the due date will incur interest at 1% per month. If any overdue accounts are turned over to a collection agency, the Resident will be responsible for all collection agency fees and charges. Sending the accounting and/or refunding any deposit does not waive the owner's right to payment for charges discovered or finalized after the accounting was sent. Any security deposit received from multiple residents shall be refunded only when the last resident vacates the unit and terminates their tenancy, unless other arrangements are made with Owner/Agent in writing. Security deposits may be deposited into an interest bearing account. All interest shall accrue to the benefit of Owner/Agent pursuant to their agreement. No interest will be paid to resident on security deposits. If the "Deposits Held By Owner" box is checked on page 1 of this Rental Agreement, all deposits will be deposited by manager into a trust account as required by California law. Manager will then forward the deposits to the owner of the property, who will manage the deposits pursuant to California law.
 - FEES:** Upon termination of the tenancy and delivery of possession, Owner/Agent shall first apply any fee to the related landlord expense as reasonably assessed against Resident, before applying Resident's security deposit, if any, to that expense. Owner may charge a fee not to exceed \$25 each time Owner sends a notice to Resident as a result of Resident's non-compliance with this agreement to cover Owner/Agent's administrative expenses for issuing the notice.
 - JOINT RESPONSIBILITY:** All Residents are jointly and severally responsible for rent, all other performance and financial obligations hereunder and any damage caused to the living unit or common area by the Resident, any Resident or Occupant of the same unit or their guests. Cost of repairs for damage must be paid within 30 days after receiving a bill unless other arrangements have been made, in writing, with management. Any valid termination notice received from any one Resident may be considered by Landlord a termination notice from all Residents. Any Residents not giving the notice who desire to remain in the premises, may be required to submit updated financial information and requalify under Owner/Agent's then current criteria.
 - ACCESS:** The Resident agrees not to unreasonably withhold consent to the Owner/Agent to enter the unit in order to inspect the premises, make necessary or agreed repairs, decorations, alterations, or improvements or to show the unit to prospective buyers or Residents. Owner/Agent may enter the unit without consent in an emergency or at any reasonable time with 24 hours actual notice or after receipt of tenant's written request for maintenance. If the Owner/Agent is obligated to maintain the yard, the Owner/Agent, or their contractors, may enter the yard, without notice, at reasonable times and with reasonable frequency, to perform the maintenance work.
 - ABSENT:** The Resident agrees to notify the Owner/Agent of any absence in excess of seven (7) days no later than the first day of absence.
 - LEGAL ACTION:** In the event an action is brought by any party to enforce any term of this agreement or to recover possession of the premises, the prevailing party shall recover from the other party, in addition to costs, reasonable attorney's fees.
 If checked, the total amount the prevailing party shall recover shall not exceed \$_____.
 - LOCKS:** Doors of Residents' unit shall be kept locked. Resident shall notify Owner/Agent in writing if locks fail to operate. The Owner/Agent will not be liable or responsible in any way for loss or damage to articles or property belonging to Residents. Resident shall not change the locks without Owner's prior consent. Resident shall immediately provide Owner with a key to any new locks installed.
 - RENTER'S INSURANCE:** If renter's insurance is required on the front of this Agreement, Resident will obtain and maintain insurance with a minimum of \$100,000 of liability coverage. Resident will supply Owner/Agent with evidence of such insurance prior to occupying the unit and thereafter upon request. Failure to maintain such insurance in full

- force will be considered a material non-compliance with this Agreement. If insurance is not required by this Agreement, Resident should maintain renter's insurance to cover Resident's liability to Owner/Agent, as well as damage or destruction of Resident's property. Whether or not renter's insurance is required, Resident is not a co-insured under, and has no rights to, Owner/Agent's insurance policies. Except to the extent required by law, Owner/Agent is not responsible for, and its insurance does not cover damage or destruction to, Resident's property. Except to the extent prohibited by law, Resident, on behalf of himself and Resident's insurers, hereby waives any right to subrogation against Owner/Agent or their agents, employees or insurers with respect to any loss or damage relating to Resident's property to the extent such loss or damage is covered by Resident's renter's insurance. Owner/Agent does not waive any subrogation rights its insurers may have.
- CONDUCT:** The premises are to be used only as a dwelling. All Residents are responsible for their own conduct, that of the other Residents in the unit and their guests. Noisy conduct that disturbs the quiet enjoyment of any other Resident or drunk or disorderly conduct will not be permitted at any time. Between 10:00 p.m. and 7:00 a.m. no noise may be emitted from the unit that can be heard outside the unit. This includes stereos, radios, televisions, etc. Residents will not be permitted to play in halls, stairways or entrance of buildings, gardens or landscape areas except where specifically permitted by management. The use, possession, manufacture, or distribution of illegal substances either on or in the vicinity of the Premises is strictly prohibited. Resident may not allow any person to: a) be on the premises who has been excluded from the common areas by Owner/Agent; or b) stay in their unit, as defined in section 7 above, who has had their rental agreement terminated by Owner/Agent. Any action by Resident, any occupant of Resident's unit, or any guest of Resident that interferes with the management of the premises, shall be considered a material non-compliance with this rental agreement.
 - MALFUNCTIONS:** The Resident will immediately report in writing all malfunctions of equipment, failures of essential services, or needs for repair. The Resident shall not tamper with the heating system, appliances, locks, doors, light fixtures, or smoke alarms or make any alterations of any nature on or to the premises without the specific written consent of management.
 - RESIDENT LOSSES:** The Owner/Agent shall not be liable for damages of any kind caused by the lack of heat, refrigeration or other services to the premises arising out of any accident, act of God, or occurrence beyond the control of the Owner/Agent. The Resident shall be limited to the rights and remedies specified under California law.
 - CO-SIGNER:** If the obligations under this agreement are guaranteed by a co-signer, Resident agrees that Owner/Agent would not have rented without the guaranty. In the event the guaranty is terminated or becomes unenforceable for any reason, this will be considered a material non-compliance with this agreement.
 - COMMUNITY RULES:** Unless Owner/Agent has custom rules and regulations for the property, the rules and regulations contained in MMHA form M132 CA (Community Rules & Regulations) apply and are incorporated by reference herein.
 - NOTICES:** All notices required under the Rental Agreement or State law to be in writing shall be served personally, by first class mail or by first class mail and attachment. If served by first class mail and attachment, a notice from the Owner/Agent to the Resident shall be deemed served on the day and at the time it is both mailed by first class mail to the Resident at the premises and attached in a secure manner to the main entrance of that portion of the premises of which the Resident has possession. If served by first class mail and attachment, a notice from the Resident to the Owner/Agent shall be deemed served on the day it is both mailed by first class mail to the Owner/Agent at the address set forth on this Agreement and attached in a secure manner to the main entrance of the complex office, if one exists, and if not, to the Owner/Agent's location identified on the front of this Agreement. If the main entrance to the complex office is located inside a building, the notice should be attached to the main entrance of such building. Owner/Agent is authorized to accept notices on behalf of the owner of the premises. Personal service may be effected for the purpose of service of process and for the purpose of receiving and receipt of all notices and demands at the telephone number, and street address of the Owner/Agent listed on the front page of this Rental Agreement.
 - PARKING:** Unless Owner/Agent has custom parking rules for the property, all off street parking is governed by the rules and regulations contained in MMHA form M158 CA (Parking/Carport Agreement) which Resident acknowledges receiving and is incorporated by reference herein.
 - CONTROL OF COMMON AREAS:** Owner/Agent and any person designated by Owner/Agent retains control over any common areas of the Premises for the purposes of enforcing state trespass laws.
 - REQUESTS FOR REASONABLE ACCOMMODATION/MODIFICATION:** As required under federal, state, and local fair housing laws, Residents with disabilities may request reasonable accommodations/modifications related to their housing. All requests must be made to the Owner/Agent specifying the nature of the requested accommodation/modification. It is recommended, but not required, that such request be made in writing.
 - TERMINATION FOR FALSE INFORMATION OR CRIMINAL CONVICTION:** If any information supplied in conjunction with application for this rental unit is later found to be false, or if any occupant is convicted of a crime during the tenancy that would constitute grounds for denial of tenancy under Owner's then current rental criteria, this is grounds for termination of tenancy.
 - MEGAN'S LAW NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.
 - COMPLETE AGREEMENT:** This Rental Agreement, any rules and regulations for the premises, and any other written addenda executed by the parties on or after the date of this Agreement contain the entire understanding of the parties. There are no prior oral or written agreements unless they are referenced herein. If this is a renewal of an existing Rental Agreement, all written addenda executed on or after the date of the original Rental Agreement that are consistent herewith are incorporated herein. If any clause or part of a clause of this Rental Agreement is found to be unenforceable by a court or other body with proper authority then that clause or part of the clause will be deleted and the rest of this Rental Agreement shall remain in full force and effect.

ON SITE RESIDENT MAIN OFFICE (IF REQUIRED)

INITIAL HERE _____

ADDENDUM TO RENTAL AGREEMENT

CAMBRIDGE
real estate services

Property Name Cedar Park Apartments Unit # _____

Resident Name(s) _____

Authorized Agent: The name of the person authorized to manage the property and act on behalf of the owner for the purpose of service of process and for the purpose of receiving and receipting for notices and demands is Cambridge Real Estate Services.

Rules and Regulations: The resident understands and agrees to abide by all of the terms and conditions listed on the Rental Agreement and all separate rules and regulations which are incorporated as part of this Agreement.

Early Termination Exception: The lease buy-out option does not exist during the initial lease term of a property operated under Section 42 of the IRS Code.

Unenforceable Provisions: The resident agrees that, if at some future date, a portion of this agreement should be judged unenforceable by a court of law, all other portions will remain in force.

Security Deposits: If the security deposit increases due to a change in the number of residents, the amount of the increase will be the responsibility of the remaining resident(s).

Delivery of Possession: Landlord shall not be liable to resident for failure to deliver possession at the beginning of the term if such failure is due to circumstances beyond the Landlord's reasonable control, including the prior tenant's failure to vacate.

Partial Payments: Partial rent payments will not be accepted.

Late Charges: A late charge totaling \$50.00 will be charged if rent is paid after 5 p.m. on the 4th of the month. Exception: If the 5th of the month falls on a Sunday or a holiday, the late fee will be assessed on the next business day.

Babysitting: Except where otherwise allowed by local ordinance or housing program (i.e. Section 42 housing), operation of a commercial day care facility within an apartment must be disclosed to and approved by management.

Winterizing: The Resident shall comply with all reasonable requests made by the Landlord regarding the care of their apartment, including but not limited to directions regarding protecting the property against damage due to freezing temperatures; proper use of fixtures and appliances; and generally accepted housekeeping standards including but without limitation to cleaning supplies, techniques and frequency.

Barbecues: Barbecues: as of December 1st, 2022, no barbecue of any type may be stored or used on the Premises. This includes, but is not limited to, a resident's porch, balcony, common areas, and parking lots.

Lockouts: As a company wide policy, we do not handle lockouts for residents. If a resident is locked out, they can obtain a key during business hours or, if after hours, must call a locksmith.

Transfers: A transfer fee may be required for any resident wishing to transfer apartments. In cases where the property is operated with Section 42 of the IRS Code, transfer requests may be denied.

Gardens: The resident must not cultivate any garden area or disturb any landscape without written management permission, except in designated areas.

Accessible Unit: If accessible unit is occupied by a tenant not needing the specially designed features of the unit:

- If I am occupying a specially designed accessible unit for disabled persons, and if I do not need such accessible features, I acknowledge that priority for such accessible unit is given to those disabled persons needing the special design features of this unit. I agree that I will be required to vacate the unit within 30 days of notification from landlord that an eligible individual requires the special design features of this unit. I further agree to move at my own expense (unless otherwise agreed by landlord in writing) within 30 calendar days of such written notice. I further understand that, if I move to an appropriate unit within the project, my rental rate will change to the rental rate for the unit I move to and this lease will be modified accordingly.

Resident further agrees to:

- Keep the apartment clean at all times, free of dirt and debris, especially those that can harbor mold, mildew spores or fungal growth
- Clean bathroom, kitchen surfaces and walls with projects which reduce or inhibit growth of mold, mildew or other fungi
- Keep the humidity below 40% in the apartment
- Report to the landlord when any exhaust fan does not operate
- Open multiple windows (weather permitting) at least twice a week for a minimum of one hour to allow cross ventilation of the apartment
- Notify the landlord of any mold grown on any surfaces inside the apartment, such as dark stains or patterns migrating through the walls or ceilings, and not attempt to disturb or remove any identified mold growth in the apartment unit without consulting the property manager
- Immediately report the discovery of the presence or indications of vermin such as accumulations of debris or feces. The resident agrees not to attempt to disturb or remove vermin in the apartment unit without consulting the property manager.

- Allow the landlord to enter the apartment to inspect and make necessary repairs
- Not modify or adjust any utility or mechanical systems in the apartment without prior written approval from the property manager. Apartment unit modifications and adjustments include, but are not limited to: sealing, closing or otherwise restricting the flow of ventilation or plumbing systems (including the installation/use of bidets); adding, removing or diverting any ventilation duct or plumbing lines; drilling, nailing, or otherwise penetrating walls, floors, or ceilings to a depth of more than one inch (i.e. where the penetration might contact plumbing or electrical lines or result in a loss of integrity)

If Pets Allowed at This Property:

- Unless otherwise granted by management in writing, there shall be a combined limit of two pets, aquariums or cages per apartment. The maximum aquarium size shall not exceed 50 gallons and the maximum cage size shall not exceed 30 cubic feet. Maximum occupancy for each aquarium or cage shall be subject to approval by a qualified veterinarian.
- Pets will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident’s control.
- Pets will be kept clean and free of pests. Pest treatments required due to pet owner negligence will be billed to the resident. The pet will not be allowed to use any part of the property for depositing waste. Failure to clean up pet waste will result in a \$50 fee (\$5 at HUD properties) per offense. Should this occur accidentally, the pet waste will immediately be picked up, sealed in a plastic bag and thrown away. Any pet waste that is accumulated in a tray outside the apartment home will be disposed of promptly and properly.
- Pets shall not be kept, bred or used for any commercial purpose.
- Puppy pads, or other pet training pads used specifically for collecting waste are specifically prohibited as they do not meet standards for housekeeping and can lead to floor damage.
- Payment arrangements for the required security deposit may be made by satisfying an initial pet deposit of \$50 and then paying \$10 monthly until paid in full (HUD Elderly Properties Only).
- See further information on the Pet Agreement.

Service Animals: The service animal(s) will be kept clean and free of pests. See further information on the Assistance/Companion Animal Agreement. Service animals will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident’s control.

Gang Activity: Tenant agrees that tenant, any family member residing on the Premises or any guest or invitee shall not be a participant of gang activity or criminal activity on the Premises during the term of this Agreement. The term “gang” refers to a group, or a member of a group, of people who are involved in illegal activity or anti-social behavior. “Gang activity” includes but is not limited to:

- Wearing clothing, jewelry, or tattoos unique to gang affiliations (color alone is not sufficient to establish gang affiliation)
- Grouping to show gang affiliation or to intimidate rival gangs or tenants, or
- Claiming gang membership

Criteria for Exclusion of Non-Residents from the Premises: Any non-resident will be barred from returning to the Premises if that person:

- Makes unreasonable noise
- Engages in fighting or in violent or threatening behavior
- Substantially interferes with any right, comfort or convenience of any resident of the Premises or employee of the Landlord
- Engages in activity which constitutes a criminal offense
- Engages in any activity involving firearms, illegal drugs or violence
- Damages, defaces or destroys any property belonging to Landlord, any resident or any Landlord’s employees
- Litters on the Premises
- Drives in a careless or reckless manner
- Consumes or possesses an open container of any alcoholic beverage on the common areas of the Premises
- Engages in Gang activity (defined above in Gang Activity section)
- Violates curfew ordinance for the City where Premises is located

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an internet website maintained by the Department of Justice at <http://www.megan’slaw.ca.gov>. Depending on an offender’s criminal history, this information will include either the address at which the offender resides or the community of residence and zip code in which he or she resides.

RESIDENT	DATE	RESIDENT	DATE
RESIDENT	DATE	RESIDENT	DATE
RESIDENT	DATE	RESIDENT	DATE
		OWNER/AGENT	DATE

LEASE ADDENDUM

VIOLENCE AGAINST WOMEN AND JUSTICE DEPARTMENT REAUTHORIZATION ACT OF 2005

TENANT	LANDLORD	UNIT NO. & ADDRESS
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This lease addendum adds the following paragraphs to the Lease between the above referenced Tenant and Landlord.

Purpose of the Addendum

The lease for the above referenced unit is being amended to include the provisions of the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA).

Conflicts with Other Provisions of the Lease

In case of any conflict between the provisions of this Addendum and other sections of the Lease, the provisions of this Addendum shall prevail.

Term of the Lease Addendum

The effective date of this Lease Addendum is _____. This Lease Addendum shall continue to be in effect until the Lease is terminated.

VAWA Protections

1. The Landlord may not consider incidents of domestic violence, dating violence or stalking as serious or repeated violations of the lease or other “good cause” for termination of assistance, tenancy or occupancy rights of the victim of abuse.
2. The Landlord may not consider criminal activity directly relating to abuse, engaged in by a member of a tenant’s household or any guest or other person under the tenant’s control, cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant’s family is the victim or threatened victim of that abuse.
3. The Landlord may request in writing that the victim, or a family member on the victim’s behalf, certify that the individual is a victim of abuse and that the Certification of Domestic Violence, Dating Violence or Stalking, Form HUD-91066, or other documentation as noted on the certification form, be completed and submitted within 14 business days, or an agreed upon extension date, to receive protection under the VAWA. Failure to provide the certification or other supporting documentation within the specified timeframe may result in eviction.

Tenant

Date

Landlord

Date

EXHIBIT “C”



CALIFORNIA RENTAL AGREEMENT

CAMBRIDGE real estate services



MOVE-IN LEASE RENEWAL TRANSFER OLD UNIT # FILE CHANGES

PARTIES DATE PROPERTY NAME / NUMBER CEDAR PARK APARTMENTS CA210 RESIDENTS (NAME ALL ADULTS): PREMISES ADDRESS UNIT # CITY STATE ZIP OWNER/AGENT PHONE ADDRESS CITY STATE ZIP

TENANCY LEASE TERM BEGINNING AND ENDING CHECK IF EARLY TERMINATION PROVISION APPLIES. AMOUNT: \$ (1 1/2 TIMES MONTHLY STATED RENT IF BLANK) MONTH TO MONTH BEGINNING: RENT DUE DATE (IF OTHER THAN FIRST):

FINANCIAL TERMS MONTHLY STATED RENT \$ OTHER \$ OTHER \$ OTHER \$ OTHER \$ TOTAL MONTHLY CHARGES \$ LATE CHARGE: (CHOOSE ONE) FLAT FEE OF \$ PER DAY @ \$ 5% OF STATED RENT EVERY 5 DAYS RETURN CHECK CHARGE: \$ PRO-RATE METHOD: A B C (See #1 on page 2) ACCOUNTING RENT DUE AT MOVE IN DUE \$ FROM THRU SECOND RENT PAYMENT DUE \$ FROM THRU SECURITY DEPOSIT (REFUNDABLE) \$ ADDITIONAL SECURITY DEPOSIT (PETS, ETC.) \$ PET FEE \$ NON-REFUNDABLE FEES (DESCRIBE OWNER / AGENT EXPENSE) \$ OTHER MONTHLY CHARGES \$ IF CHECKED, DEPOSITS WILL BE HELD BY OWNER.

OTHER OCCUPANTS NAME DATE OF BIRTH MAKE/MODEL STATE LICENSE PLATE # VEHICLES RENT DEPOSITS FEES OTHER PRIOR PAYMENT EXECUTION DEPOSIT TOTAL DUE AT MOVE IN

SMOKE ALARMS: California law requires smoke detectors to be installed in all dwelling units intended for human occupancy. Resident acknowledges and the owner/landlord certifies that the unit is equipped with an operable smoke detector as required by California Health and Safety Code Sections 13113.7 and 13113.8 and that the smoke alarm is approved and listed by the State Fire Marshal and installed in accordance with the State Fire Marshal's regulations. TYPE OF SMOKE ALARM: 10-YEAR BATTERY ELECTRIC ELECTRIC WITH BATTERY BACK UP INITIAL HERE

UTILITIES PAID FOR / PROVIDED BY ELECTRICITY WATER SEWER GARBAGE SERVICE GARBAGE CONTAINER BASIC CABLE GAS OTHER PETS (NUMBER & TYPE - APPROVED BY MANAGEMENT) APPROVED FOR USE: WATERBED AQUARIUM MUSICAL INSTRUMENTS IF CHECKED, RENTER'S INSURANCE IS REQUIRED

IF THE TENANCY IS FOR A SET TERM, RESIDENT MUST GIVE OWNER/AGENT WRITTEN NOTICE OF INTENT TO VACATE AT LEAST 30 DAYS PRIOR TO THE END OF THE TERM OR THE TENANCY WILL, AT THE OPTION OF THE OWNER, CONVERT TO A MONTH TO MONTH TENANCY AUTOMATICALLY. SPECIAL LEASE PROVISIONS AND/OR DISCLOSURES:

I / WE HAVE READ AND AGREE TO THE TERMS AND CONDITIONS LISTED ON BOTH PAGES OF THIS CONTRACT. RESIDENT X DATE RESIDENT X DATE IN CASE OF EMERGENCY NOTIFY: STREET ADDRESS PHONE OWNER / AGENT X DATE IF APPLICABLE, REAL ESTATE BROKER APPROVAL DATE

ON SITE RESIDENT MAIN OFFICE (IF REQUIRED)

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TERMS AND CONDITIONS

- RENTS:** Rents are due and payable on the first of the month and must be paid on time. If rent is not paid by the end of the _____ day of the month a late fee in the amount stated on your Rental Agreement will be imposed on the _____ day of the month and Owner (as used herein "Owner" or "Landlord") shall mean the owner and landlord of the property described on the front page of this Agreement) and its Agents (as used herein, "Agent" shall mean any authorized agent of Owner) may require the rent payment and late fee to be paid by certified check or money order. Partial payments will not be accepted without prior management approval. To protect Owner and its agents, Owner may refuse to accept cash payments of rent, rent payments from anyone other than the Resident (as used herein, "Resident" or "Tenant" shall mean a party identified as such on the front of this Agreement and a tenant of the property described on the front of this Agreement) or multiple checks for rent. If any check from Resident has been dishonored for any reason, Owner may require Resident to make all future rent payments by certified check or money order. Month to month rents may be increased with a 30 day written notice. The daily prorates of rents and other monthly charges will be based on one of the following methods chosen by the Owner/Agent, which method will be consistently applied throughout the rental term: a) a 360 day year composed of twelve months of 30 days each; b) a 365 day year; or c) the actual number of days in the current month. The daily amount will be multiplied by the actual number of days of occupancy in the current month. NOTE: Unless otherwise specified, the pro-rate shall be based on a 365 day year. Rent payments are to be made in the form of cash, check, certified check or money order, subject to the limitations set out in this section and in CA Civil Code Section 1947.3. If rent payments are made personally, they shall be made to the Owner/Agent at the address listed on the front page of this Rental Agreement. Except where formal hours are posted otherwise, usual business hours will be from _____ to _____ weekdays. Weekend business hours may be posted at the Owner/Agent's discretion; otherwise, weekends and holidays will be by appointment.
- NONPAYMENT OF RENT NOTICES:** Timely payment of rent by the due date is of the essence and failure to pay the contract rent on or before the specified due date will subject the Resident to immediate service of a three-day notice to pay rent or quit.
- APPLICATION OF PAYMENTS:** All payments made by Resident to Owner after the tenancy commences, no matter how designated by Resident, may be applied by Owner as follows: first to any outstanding amounts due landlord for damages/repairs, utilities, deposits, fees, etc.; second, to any rent outstanding from prior months; third, to the current month's rent, and last, to outstanding late charges.
- EARLY TERMINATION OF LEASE:** If this is a lease for a set term, failure by the Resident(s) to complete the term because of a voluntary termination by Resident(s) or termination by the Landlord for a Resident breach, will expose Resident(s) to the payment of damages. If the early termination box is checked on the front of this agreement to allow Resident(s) to terminate early without uncertainty as to the amount that will be owed as a result, it is agreed that upon any failure of Resident(s) to occupy the unit for the full term, for any reason, Resident(s) will pay to Landlord, in lieu of all other damages or amounts that could be recovered, all of the following: a) all rent, unpaid fees and other non-rent charges accrued prior to the date the unit is vacated; b) all damages relating to the condition of the unit; c) if Resident has given at least 30 days notice of the early termination, an early termination fee in the amount set forth on the front of this agreement, or if none stated, equal to 1 1/2 month's stated rent to cover Owner's potential vacancy loss and advertising and administrative costs associated with re-renting the unit and if Resident has not given at least 30 days notice of the early termination the fee will be 150% of the previously stated amount to cover the increased rental loss associated with no advance notice; and d) interest on the above amounts at the statutory rate from the date each was due. The early termination fee is due on the earlier of the date Resident(s) give notice to vacate or the date the unit is vacated. All other amounts are due at the times specified in this agreement. If the early termination box is not checked, Resident will be liable to Landlord for all actual damages resulting from the early termination, including but not limited to: repayment of concessions; all rent through the earlier of the date the unit is re-rented and the lease termination date; advertising and administrative costs to re-rent the unit; concessions given to re-rent the unit; the difference in rent if a lower rental rate is received from a replacement resident during the remaining term of the original rental agreement; and the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that the Resident proves could be reasonably avoided.
- TERMINATION:** A 30 day written notice to terminate will be required for a month to month tenancy. If the tenancy is for a set term, Resident must give Landlord written notice of intent to vacate at least 30 days prior to the end of the term or the tenancy will, at the option of Landlord, convert to a month to month tenancy automatically, with all conditions, rules and regulations continuing. Such month to month tenancy may be terminated by Resident after service upon Owner/Agent of a written 30-day Notice of Termination. Except as prohibited by law, that month to month tenancy may be terminated by the Owner/Agent by service upon the Resident of a written 60-day notice of termination of tenancy. However, Civil Code Section 1946.1 provides that "if any tenant or resident has resided in the dwelling for less than one year," the Owner/Agent may terminate the tenancy by service upon the Resident of a written 30-day notice.
- PETS, WATERBEDS AND MUSICAL INSTRUMENTS:** No cats, dogs or other pets capable of causing damage to persons or property are allowed without a signed Pet Agreement, and a pet fee paid by the Resident. The Resident will be responsible for any and all damage caused by their pets. Waterbeds are permissible only with proper insurance and written approval by management. Pianos and organs are not allowed without the written consent of management.
- OCCUPANTS:** The unit will be used only for housing persons listed on the Rental Agreement. Additional Residents must be approved by management and are subject to full screening procedures. Persons other than those specifically listed on the Rental Agreement shall be strictly prohibited from staying in the rental unit for more than 10 consecutive days, or a total of twenty days in any twelve month period. For purposes of this section, "staying in the rental unit" means presence on the premises for a substantial amount of time, whether during the day or overnight, and shall include, but not be limited to, long-term or regular

house guests, live-in baby-sitters, visiting relatives, etc. Resident shall notify the Landlord in writing at the earlier of: any time the Resident expects any guest to be staying in excess of the time limits contained in this paragraph; or when such person in fact stays in excess of such time limits. Subsidized Residents shall be required to submit a report to the Landlord identifying any persons not identified on the Rental Agreement and staying in the rental unit for more than 10 consecutive days, or twenty nonconsecutive days in any twelve month period, and shall state whether such person is contributing to the income of the Resident and to what extent.

- SUBLETTING:** Transfer of any interest in this agreement or subletting the premises is not permitted without Owner/Agent written approval.
- CARE OF PREMISES:** The Resident agrees to keep all areas of the premises clean, sanitary and free from any accumulations of debris, filth, rubbish and garbage and to dispose of same in a proper manner. Residents shall take particular caution regarding the use of cigarettes and other fire hazards. Residents shall not store flammable or hazardous materials. Residents are responsible for all damages to furnishings or premises caused by their negligence. Resident shall report leaky or defective faucets at once. Expense or damage caused by stoppage of waste pipes or overflows of bathtubs, toilets or wash basins must be paid by the Resident as well as any damage to the building or furnishings other than ordinary wear and tear. The Resident shall be responsible for notifying the Owner/Agent when Resident becomes aware of an inoperable dead bolt lock or window security or locking device in the dwelling unit.
- USE OF AND CHANGES TO PREMISES:** All electrical, plumbing, sanitary, heating, ventilating, air conditioning and other facilities or appliances on the premises are to be used in a reasonable manner. Resident will immediately obtain, pay for and not allow to be disconnected or discontinued the utilities for which Resident is responsible. Resident will make no changes or additions to the premises or install anything on the walls, ceilings or in the windows without the prior written consent of Owner/Agent. Satellite dishes and/or antennas will be allowed only in strict compliance with Owner/Agent's Satellite Dish policy and applicable law.
- DAMAGE:** The Resident agrees not to destroy, damage, deface or remove any part of the premises or permit any persons to do so and to assume all liability for damages other than ordinary wear and tear.
- SECURITY DEPOSITS:** All refundable deposits, however designated, may be used to offset any damage, unusual wear and tear or unpaid accounts (including rent) either during the tenancy or at the time of move-out. If used during the tenancy, Resident will replenish it upon demand. If applied at move-out, any excess will be refunded within the time required by law. Any deficiency will be due from you at the time the accounting is sent to you. Any amounts not paid by you within 31 days of the due date will incur interest at 1% per month. If any overdue accounts are turned over to a collection agency, the Resident will be responsible for all collection agency fees and charges. Sending the accounting and/or refunding any deposit does not waive the owner's right to payment for charges discovered or finalized after the accounting was sent. Any security deposit received from multiple residents shall be refunded only when the last resident vacates the unit and terminates their tenancy, unless other arrangements are made with Owner/Agent in writing. Security deposits may be deposited into an interest bearing account. All interest shall accrue to the benefit of Owner/Agent pursuant to their agreement. No interest will be paid to resident on security deposits. If the "Deposits Held By Owner" box is checked on page 1 of this Rental Agreement, all deposits will be deposited by manager into a trust account as required by California law. Manager will then forward the deposits to the owner of the property, who will manage the deposits pursuant to California law.
- FEES:** Upon termination of the tenancy and delivery of possession, Owner/Agent shall first apply any fee to the related landlord expense as reasonably assessed against Resident, before applying Resident's security deposit, if any, to that expense. Owner may charge a fee not to exceed \$25 each time Owner sends a notice to Resident as a result of Resident's non-compliance with this agreement to cover Owner/Agent's administrative expenses for issuing the notice.
- JOINT RESPONSIBILITY:** All Residents are jointly and severally responsible for rent, all other performance and financial obligations hereunder and any damage caused to the living unit or common area by the Resident, any Resident or Occupant of the same unit or their guests. Cost of repairs for damage must be paid within 30 days after receiving a bill unless other arrangements have been made, in writing, with management. Any valid termination notice received from any one Resident may be considered by Landlord a termination notice from all Residents. Any Residents not giving the notice who desire to remain in the premises, may be required to submit updated financial information and requalify under Owner/Agent's then current criteria.
- ACCESS:** The Resident agrees not to unreasonably withhold consent to the Owner/Agent to enter the unit in order to inspect the premises, make necessary or agreed repairs, decorations, alterations, or improvements or to show the unit to prospective buyers or Residents. Owner/Agent may enter the unit without consent in an emergency or at any reasonable time with 24 hours actual notice or after receipt of tenant's written request for maintenance. If the Owner/Agent is obligated to maintain the yard, the Owner/Agent, or their contractors, may enter the yard, without notice, at reasonable times and with reasonable frequency, to perform the maintenance work.
- ABSENT:** The Resident agrees to notify the Owner/Agent of any absence in excess of seven (7) days no later than the first day of absence.
- LEGAL ACTION:** In the event an action is brought by any party to enforce any term of this agreement or to recover possession of the premises, the prevailing party shall recover from the other party, in addition to costs, reasonable attorney's fees.
 If checked, the total amount the prevailing party shall recover shall not exceed \$_____.
- LOCKS:** Doors of Residents' unit should be kept locked. Resident shall notify Owner/Agent in writing if locks fail to operate. The Owner/Agent will not be liable or responsible in any way for loss or damage to articles or property belonging to Residents. Resident shall not change the locks without Owner's prior consent. Resident shall immediately provide Owner with a key to any new locks installed.
- RENTER'S INSURANCE:** If renter's insurance is required on the front of this Agreement, Resident will obtain and maintain insurance with a minimum of \$100,000 of liability coverage. Resident will supply Owner/Agent with evidence of such insurance prior to occupying the unit and thereafter upon request. Failure to maintain such insurance in full

force will be considered a material non-compliance with this Agreement. If insurance is not required by this Agreement, Resident should maintain renter's insurance to cover Resident's liability to Owner/Agent, as well as damage or destruction of Resident's property. Whether or not renter's insurance is required, Resident is not a co-insured under, and has no rights to, Owner/Agent's insurance policies. Except to the extent required by law, Owner/Agent is not responsible for, and its insurance does not cover damage or destruction to, Resident's property. Except to the extent prohibited by law, Resident, on behalf of himself and Resident's insurers, hereby waives any right to subrogation against Owner/Agent or their agents, employees or insurers with respect to any loss or damage relating to Resident's property to the extent such loss or damage is covered by Resident's renter's insurance. Owner/Agent does not waive any subrogation rights its insurers may have.

- CONDUCT:** The premises are to be used only as a dwelling. All Residents are responsible for their own conduct, that of the other Residents in the unit and their guests. Noisy conduct that disturbs the quiet enjoyment of any other Resident or drunk or disorderly conduct will not be permitted at any time. Between 10:00 p.m. and 7:00 a.m. no noise may be emitted from the unit that can be heard outside the unit. This includes stereos, radios, televisions, etc. Residents will not be permitted to play in halls, stairways or entrance of buildings, gardens or landscape areas except where specifically permitted by management. The use, possession, manufacture, or distribution of illegal substances either on or in the vicinity of the Premises is strictly prohibited. Resident may not allow any person to: a) be on the premises who has been excluded from the common areas by Owner/Agent, or b) stay in their unit, as defined in section 7 above, who has had their rental agreement terminated by Owner/Agent. Any action by Resident, any occupant of Resident's unit, or any guest of Resident that interferes with the management of the premises, shall be considered a material non-compliance with this rental agreement.
- MALFUNCTIONS:** The Resident will immediately report in writing all malfunctions of equipment, failures of essential services, or needs for repair. The Resident shall not tamper with the heating system, appliances, locks, doors, light fixtures, or smoke alarms or make any alterations of any nature on or to the premises without the specific written consent of management.
- RESIDENT LOSSES:** The Owner/Agent shall not be liable for damages of any kind caused by the lack of heat, refrigeration or other services to the premises arising out of any accident, act of God, or occurrence beyond the control of the Owner/Agent. The Resident shall be limited to the rights and remedies specified under California law.
- CO-SIGNER:** If the obligations under this agreement are guaranteed by a co-signer, Resident agrees that Owner/Agent would not have rented without the guaranty. In the event the guaranty is terminated or becomes unenforceable for any reason, this will be considered a material non-compliance with this agreement.
- COMMUNITY RULES:** Unless Owner/Agent has custom rules and regulations for the property, the rules and regulations contained in MMHA form M132 CA (Community Rules & Regulations) apply and are incorporated by reference herein.
- NOTICES:** All notices required under the Rental Agreement or State law to be in writing shall be served personally, by first class mail or by first class mail and attachment. If served by first class mail and attachment, a notice from the Owner/Agent to the Resident shall be deemed served on the day and at the time it is both mailed by first class mail to the Resident at the premises and attached in a secure manner to the main entrance of that portion of the premises of which the Resident has possession. If served by first class mail and attachment, a notice from the Resident to the Owner/Agent shall be deemed served on the day it is both mailed by first class mail to the Owner/Agent at the address set forth on this Agreement and attached in a secure manner to the main entrance of the complex office, if one exists, and if not, to the Owner/Agent's location identified on the front of this Agreement. If the main entrance to the complex office is located inside a building, the notice should be attached to the main entrance of such building. Owner/Agent is authorized to accept notices on behalf of the owner of the premises. Personal service may be effected for the purpose of service of process and for the purpose of receiving and receipt of all notices and demands at the telephone number, and street address of the Owner/Agent listed on the front page of this Rental Agreement.
- PARKING:** Unless Owner/Agent has custom parking rules for the property, all off street parking is governed by the rules and regulations contained in MMHA form M158 CA (Parking/Carport Agreement) which Resident acknowledges receiving and is incorporated by reference herein.
- CONTROL OF COMMON AREAS:** Owner/Agent and any person designated by Owner/Agent retains control over any common areas of the Premises for the purposes of enforcing state trespass laws.
- REQUESTS FOR REASONABLE ACCOMMODATION/MODIFICATION:** As required under federal, state, and local fair housing laws, Residents with disabilities may request reasonable accommodations/modifications related to their housing. All requests must be made to the Owner/Agent specifying the nature of the requested accommodation/modification. It is recommended, but not required, that such request be made in writing.
- TERMINATION FOR FALSE INFORMATION OR CRIMINAL CONVICTION:** If any information supplied in conjunction with application for this rental unit is later found to be false, or if any occupant is convicted of a crime during the tenancy that would constitute grounds for denial of tenancy under Owner's then current rental criteria, this is grounds for termination of tenancy.
- MEGAN'S LAW NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.
- COMPLETE AGREEMENT:** This Rental Agreement, any rules and regulations for the premises, and any other written addenda executed by the parties on or after the date of this Agreement contain the entire understanding of the parties. There are no prior oral or written agreements unless they are referenced herein. If this is a renewal of an existing Rental Agreement, all written addenda executed on or after the date of the original Rental Agreement that are consistent herewith are incorporated herein. If any clause or part of a clause of this Rental Agreement is found to be unenforceable by a court or other body with proper authority then that clause or part of the clause will be deleted and the rest of this Rental Agreement shall remain in full force and effect.

ON SITE RESIDENT MAIN OFFICE (IF REQUIRED)

INITIAL HERE

ADDENDUM TO RENTAL AGREEMENT

CAMBRIDGE
real estate services

Property Name Cedar Park Apartments

Unit # _____

Resident Name(s) _____

Authorized Agent: The name of the person authorized to manage the property and act on behalf of the owner for the purpose of service of process and for the purpose of receiving and receipting for notices and demands is Cambridge Real Estate Services.

Rules and Regulations: The resident understands and agrees to abide by all of the terms and conditions listed on the Rental Agreement and all separate rules and regulations which are incorporated as part of this Agreement.

Early Termination Exception: The lease buy-out option does not exist during the initial lease term of a property operated under Section 42 of the IRS Code.

Unenforceable Provisions: The resident agrees that, if at some future date, a portion of this agreement should be judged unenforceable by a court of law, all other portions will remain in force.

Security Deposits: If the security deposit increases due to a change in the number of residents, the amount of the increase will be the responsibility of the remaining resident(s).

Delivery of Possession: Landlord shall not be liable to resident for failure to deliver possession at the beginning of the term if such failure is due to circumstances beyond the Landlord's reasonable control, including the prior tenant's failure to vacate.

Partial Payments: Partial rent payments will not be accepted.

Late Charges: A late charge totaling \$50.00 will be charged if rent is paid after 5 p.m. on the 4th of the month. Exception: If the 5th of the month falls on a Sunday or a holiday, the late fee will be assessed on the next business day.

Babysitting: Except where otherwise allowed by local ordinance or housing program (i.e. Section 42 housing), operation of a commercial day care facility within an apartment must be disclosed to and approved by management.

Winterizing: The Resident shall comply with all reasonable requests made by the Landlord regarding the care of their apartment, including but not limited to directions regarding protecting the property against damage due to freezing temperatures; proper use of fixtures and appliances; and generally accepted housekeeping standards including but without limitation to cleaning supplies, techniques and frequency.

Barbecues: Barbecues: as of December 1st, 2022, no barbecue of any type may be stored or used on the Premises. This includes, but is not limited to, a resident's porch, balcony, common areas, and parking lots.

Lockouts: As a company wide policy, we do not handle lockouts for residents. If a resident is locked out, they can obtain a key during business hours or, if after hours, must call a locksmith.

Transfers: A transfer fee may be required for any resident wishing to transfer apartments. In cases where the property is operated with Section 42 of the IRS Code, transfer requests may be denied.

Gardens: The resident must not cultivate any garden area or disturb any landscape without written management permission, except in designated areas.

Accessible Unit: If accessible unit is occupied by a tenant not needing the specially designed features of the unit:

- If I am occupying a specially designed accessible unit for disabled persons, and if I do not need such accessible features, I acknowledge that priority for such accessible unit is given to those disabled persons needing the special design features of this unit. I agree that I will be required to vacate the unit within 30 days of notification from landlord that an eligible individual requires the special design features of this unit. I further agree to move at my own expense (unless otherwise agreed by landlord in writing) within 30 calendar days of such written notice. I further understand that, if I move to an appropriate unit within the project, my rental rate will change to the rental rate for the unit I move to and this lease will be modified accordingly.

Resident further agrees to:

- Keep the apartment clean at all times, free of dirt and debris, especially those that can harbor mold, mildew spores or fungal growth
- Clean bathroom, kitchen surfaces and walls with products which reduce or inhibit growth of mold, mildew or other fungi
- Keep the humidity below 40% in the apartment
- Report to the landlord when any exhaust fan does not operate
- Open multiple windows (weather permitting) at least twice a week for a minimum of one hour to allow cross ventilation of the apartment
- Notify the landlord of any mold grown on any surfaces inside the apartment, such as dark stains or patterns migrating through the walls or ceilings, and not attempt to disturb or remove any identified mold growth in the apartment unit without consulting the property manager
- Immediately report the discovery of the presence or indications of vermin such as accumulations of debris or feces. The resident agrees not to attempt to disturb or remove vermin in the apartment unit without consulting the property manager.

- Allow the landlord to enter the apartment to inspect and make necessary repairs
- Not modify or adjust any utility or mechanical systems in the apartment without prior written approval from the property manager. Apartment unit modifications and adjustments include, but are not limited to: sealing, closing or otherwise restricting the flow of ventilation or plumbing systems (including the installation/use of bidets); adding, removing or diverting any ventilation duct or plumbing lines; drilling, nailing, or otherwise penetrating walls, floors, or ceilings to a depth of more than one inch (i.e. where the penetration might contact plumbing or electrical lines or result in a loss of integrity)

If Pets Allowed at This Property:

- Unless otherwise granted by management in writing, there shall be a combined limit of two pets, aquariums or cages per apartment. The maximum aquarium size shall not exceed 50 gallons and the maximum cage size shall not exceed 30 cubic feet. Maximum occupancy for each aquarium or cage shall be subject to approval by a qualified veterinarian.
- Pets will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident's control.
- Pets will be kept clean and free of pests. Pest treatments required due to pet owner negligence will be billed to the resident. The pet will not be allowed to use any part of the property for depositing waste. Failure to clean up pet waste will result in a \$50 fee (\$5 at HUD properties) per offense. Should this occur accidentally, the pet waste will immediately be picked up, sealed in a plastic bag and thrown away. Any pet waste that is accumulated in a tray outside the apartment home will be disposed of promptly and properly.
- Pets shall not be kept, bred or used for any commercial purpose.
- Puppy pads, or other pet training pads used specifically for collecting waste are specifically prohibited as they do not meet standards for housekeeping and can lead to floor damage.
- Payment arrangements for the required security deposit may be made by satisfying an initial pet deposit of \$50 and then paying \$10 monthly until paid in full (HUD Elderly Properties Only).
- See further information on the Pet Agreement.

Service Animals: The service animal(s) will be kept clean and free of pests. See further information on the Assistance/Companion Animal Agreement. Service animals will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident's control.

Gang Activity: Tenant agrees that tenant, any family member residing on the Premises or any guest or invitee shall not be a participant of gang activity or criminal activity on the Premises during the term of this Agreement. The term "gang" refers to a group, or a member of a group, of people who are involved in illegal activity or anti-social behavior. "Gang activity" includes but is not limited to:

- Wearing clothing, jewelry, or tattoos unique to gang affiliations (color alone is not sufficient to establish gang affiliation)
- Grouping to show gang affiliation or to intimidate rival gangs or tenants, or
- Claiming gang membership

Criteria for Exclusion of Non-Residents from the Premises: Any non-resident will be barred from returning to the Premises if that person:

- Makes unreasonable noise
- Engages in fighting or in violent or threatening behavior
- Substantially interferes with any right, comfort or convenience of any resident of the Premises or employee of the Landlord
- Engages in activity which constitutes a criminal offense
- Engages in any activity involving firearms, illegal drugs or violence
- Damages, defaces or destroys any property belonging to Landlord, any resident or any Landlord's employees
- Litters on the Premises
- Drives in a careless or reckless manner
- Consumes or possesses an open container of any alcoholic beverage on the common areas of the Premises
- Engages in Gang activity (defined above in Gang Activity section)
- Violates curfew ordinance for the City where Premises is located

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an internet website maintained by the Department of Justice at <http://www.megan'slaw.ca.gov>. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and zip code in which he or she resides.

_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
_____	_____	_____	_____
		OWNER/AGENT	DATE

California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM

- Instructions:** 1. Complete the shaded areas in the form, below
2. Have Lessor/Agent sign this Addendum and have the Tenant(s) sign this Addendum.
3. Provide fully signed copy to Tenant, and have Tenant (or Head of Household) initial indicating receipt.
NOTE: Inform Tenant that Tenant may also receive this Addendum in Spanish if requested.

This Lease Addendum (Addendum) is intended to amend the Lease/Rental Agreement (Lease), dated _____, between _____ (Lessee/Tenant) and _____ (Lessor/Landlord) for the lease of Unit Number _____ of _____ Cedar Park Apartments (Project) located at _____ (Address), _____ (City), California (the Leased Premises).

As a condition of financial assistance provided for the above-named multifamily rental housing development (Project) by the Department of Housing and Community Development (the Department), the owner of the Project has entered into a Regulatory Agreement recorded _____ as instrument number/in book and page _____ in the Official Records of the County of _____, which establishes the terms, conditions and procedures related to the Project. The above noted leased unit is deemed to be an "Assisted Unit" as the term is defined in the Regulatory Agreement, and as such is subject to Project requirements.

The terms of this Addendum take precedence over every other provision in the lease itself and over any other lease addendum or attachment except as noted herein.

- (1) "Good cause", as defined by the Uniform Multifamily Regulations (the UMR), shall be required for termination of tenancy. Pursuant to *UMR Section 8307(a)(1)*: One or more of the following constitutes "good cause":
- (A) failure by the Tenant to maintain applicable eligibility requirements under the Program ("Program" means the Department funding program or programs providing assistance to the Project) or other eligibility requirements as approved by the Department;
 - (B) material noncompliance by the Tenant with the Lease, including one or more substantial violations of the Lease or habitual minor violations of the Lease which:
 - (i) adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the Leased Premises and related Project facilities;
 - (ii) substantially interfere with the management, maintenance, or operation of the Project; or
 - (iii) result from the failure or refusal to pay, in a timely fashion, Rent, as defined in the Regulatory Agreement or UMR, or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the 3-day notice period;
 - (C) material failure by the Tenant to carry out obligations under state or local law;
 - (D) subletting by the Tenant of all or any portion of the Assisted Unit;

California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM

- (E) any other action or conduct of the Tenant constituting significant problems which can be reasonably resolved only by eviction of the Tenant, provided that the Landlord has previously notified the Tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a Tenant, after written notice, to accept reasonable rules or any reasonable changes in the Lease or the refusal to recertify income or household size; or
 - (F) for Transitional Housing: the end of the maximum term prescribed for tenant occupancy by the Program operated in a particular Transitional Housing development.
- (2) Any notice provided to the Tenant pursuant to state law shall state the facts constituting the grounds for any eviction. *See UMR Section 8307(a)(2).*
 - (3) The Tenant is hereby notified of the availability of grievance procedures for hearing tenant complaints and for appeal of management action; such procedures are provided within the Lease, or attached hereto, or available upon request from the management company. *See UMR Section 8307(b).*
 - (4) The Tenant household is annually required to recertify household income and size. *See UMR Sections 8306(a) and 8307(a)(4).*
 - (A) If, at the time of recertification, in MHP and LPR funded projects, the Tenant's household size has changed and no longer meets the occupancy standards of the Program, the Landlord may require the Tenant to move to the next available appropriately sized unit. *See UMR Section 8306(b).* For VHHP and AHSC funded projects, the Landlord may follow the CA Tax Credit Allocation Committee ("CTCAC") rules and procedures.
 - (B) If, at the time of recertification, the Tenant's household income exceeds the income limit designated for the household's unit, the Landlord may increase the Rent, in MHP funded projects, to the extent a Rent increase for the household is permitted by statutes and regulations governing the low income housing tax credit program, i.e. CTCAC, pursuant to the Department's regulations governing the procedure for adjusting Rents for over-income households. *See MHP Regulations Section 7311.* For VHHP, and AHSC funded projects, the Landlord may increase the Rent using CTCAC rules and procedures. For LPR projects, the Landlord may increase the Rent in accordance with Section 108(a) of the LPR Guidelines or, for Special Rent Increase tenants, in accordance with Section 108(c)(1)(A)(v), as permitted, in either case, by CTCAC rules and procedures.
 - (5) Initial term of tenancy for all Department-regulated units and all tax credit units shall be a minimum of at least six months, except that units for single room occupancy or transitional housing shall have a minimum initial term of at least one month. Subsequent Lease renewals for all types of tenancy shall be for a minimum term of at least one month.
 - (6) Rents may be adjusted no more than once annually, and such adjustment shall be calculated in accordance with HCD Program requirements, or if so approved by HCD, using CTCAC rules and procedures. *MHP Regulations Section 7312(c).*

**California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM**

- (7) For units receiving HUD Section 8 or other similar Federal rental assistance, the rules of such program regarding Rent increases shall prevail, even if Tenant contribution amounts occur more often than annually. *See MHP Regulations Section 7312(e).*
- (8) Any provisions in this Lease in violation of State law, Department Regulations or Guidelines, the Regulatory Agreement, or Federal law, are void.

- Landlord, or;
- Property Management Company:

By: _____ (Manager) _____ (Date)

Tenant(s) (Name and initials upon receipt of copy):

			Tenants are to initial below after receiving a copy of the signed document.	
Tenant Name	Tenant Signature	Date	Initials	Date
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

EXHIBIT “D”



CALIFORNIA RENTAL AGREEMENT

CAMBRIDGE real estate services



MOVE-IN LEASE RENEWAL TRANSFER OLD UNIT # _____ FILE CHANGES

PARTIES

DATE _____ PROPERTY NAME / NUMBER **Glenbrook Apartments** CA265

RESIDENTS (NAME ALL ADULTS): _____

PREMISES ADDRESS _____ UNIT # _____ CITY _____ STATE _____ ZIP _____

OWNER/AGENT _____ PHONE _____

ADDRESS _____ CITY _____ STATE _____ ZIP _____

TENANCY

LEASE TERM BEGINNING: _____ AND ENDING: _____

CHECK IF EARLY TERMINATION PROVISION APPLIES. AMOUNT: \$ _____ (1 1/2 TIMES MONTHLY STATED RENT IF BLANK)

MONTH TO MONTH BEGINNING: _____ RENT DUE DATE (IF OTHER THAN FIRST): _____

FINANCIAL TERMS

MONTHLY STATED RENT \$ _____

OTHER \$ _____

OTHER \$ _____

OTHER \$ _____

OTHER \$ _____

TOTAL MONTHLY CHARGES \$ _____

LATE CHARGE: (CHOOSE ONE)

FLAT FEE OF \$ _____

PER DAY @ \$ _____

5% OF STATED RENT EVERY 5 DAYS

RETURN CHECK CHARGE: \$ _____

PRO-RATE METHOD: A B C (See #1 on page 2)

ACCOUNTING

RENT DUE AT MOVE IN DUE \$ _____

FROM THRU _____

SECOND RENT PAYMENT DUE \$ _____

FROM THRU _____

SECURITY DEPOSIT (REFUNDABLE) \$ _____

ADDITIONAL SECURITY DEPOSIT (PETS, ETC.) \$ _____

PET FEE \$ _____

NON-REFUNDABLE FEES (DESCRIBE OWNER / AGENT EXPENSE) \$ _____

OTHER MONTHLY CHARGES \$ _____

IF CHECKED, DEPOSITS WILL BE HELD BY OWNER.

OTHER OCCUPANTS

NAME	DATE OF BIRTH	MAKE/MODEL	STATE	LICENSE PLATE #

VEHICLES

MOVE IN ACCOUNTING

RENT	+\$	_____
DEPOSITS	+\$	_____
FEES	+\$	_____
OTHER	+\$	_____
PRIOR PAYMENT	-\$	_____
EXECUTION DEPOSIT	-\$	_____
	\$	_____
	\$	_____
TOTAL DUE AT MOVE IN	+\$	_____

SMOKE ALARMS: California law requires smoke detectors to be installed in all dwelling units intended for human occupancy. Resident acknowledges and the owner/landlord certifies that the unit is equipped with an operable smoke detector as required by **California Health and Safety Code Sections 13113.7 and 13113.8** and that the smoke alarm is approved and listed by the State Fire Marshal and installed in accordance with the State Fire Marshal's regulations. The owner/landlord is responsible for testing and maintaining smoke detectors in the lodging houses and common stairwells of apartment complexes and other multiple dwelling complexes. Resident acknowledges that an owner/landlord or any other authorized agent of the owner may enter any dwelling unit owned by the owner for the purposes of installing, repairing, testing, and maintaining single station smoke detectors as required by California law. Except in cases of emergency, the owner/landlord or any other authorized agent of the owner shall give the Resident reasonable notice in writing of the intention to enter and shall enter only during normal business hours. Twenty-four hours shall be presumed to be reasonable notice in the absence of evidence to the contrary. It is the Resident's responsibility to notify the owner/landlord if the Resident becomes aware of an inoperable smoke detector within his or her dwelling unit. The smoke detectors must be centrally located outside each sleeping area. The owner/landlord or any other authorized agent of the owner shall correct any reported deficiencies in the smoke detector and shall not be in violation of Section 13113.7 when he or she has not received notice of the deficiency.

TYPE OF SMOKE ALARM: 10-YEAR BATTERY ELECTRIC ELECTRIC WITH BATTERY BACK UP

INITIAL HERE _____

UTILITIES

PAID FOR / PROVIDED BY	ELECTRICITY	WATER	SEWER	GARBAGE SERVICE	GARBAGE CONTAINER	BASIC CABLE	GAS	OTHER
OWNER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE FOLLOWING UTILITIES OR SERVICES PAID FOR BY TENANT WILL BENEFIT OTHER TENANTS OR MANAGEMENT. SERVICE CHARGE FOR CABLE / INTERNET / ETC. (\$ or %) _____

ANY YARD INCLUDED IN THE LEASED PREMISES WILL BE MAINTAINED BY: RESIDENT OWNER / AGENT

PETS (NUMBER & TYPE - APPROVED BY MANAGEMENT)

APPROVED FOR USE:

WATERBED AQUARIUM

MUSICAL INSTRUMENTS

IF CHECKED, RENTER'S INSURANCE IS REQUIRED

IF THE TENANCY IS FOR A SET TERM, RESIDENT MUST GIVE OWNER/AGENT WRITTEN NOTICE OF INTENT TO VACATE AT LEAST 30 DAYS PRIOR TO THE END OF THE TERM OR THE TENANCY WILL, AT THE OPTION OF THE OWNER, CONVERT TO A MONTH TO MONTH TENANCY AUTOMATICALLY.

SPECIAL LEASE PROVISIONS AND/OR DISCLOSURES:

I / WE HAVE READ AND AGREE TO THE TERMS AND CONDITIONS LISTED ON BOTH PAGES OF THIS CONTRACT.

RESIDENT X	DATE	RESIDENT X	DATE
IN CASE OF EMERGENCY NOTIFY:		PHONE	
OWNER / AGENT X	DATE	IF APPLICABLE, REAL ESTATE BROKER APPROVAL	
		DATE	

ON SITE RESIDENT MAIN OFFICE (IF REQUIRED)

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TERMS AND CONDITIONS

- 1. RENTS: Rents are due and payable on the first of the month and must be paid on time. If rent is not paid by the end of the _____ day of the month a late fee in the amount stated on your Rental Agreement will be imposed on the _____ day of the month and Owner (as used herein "Owner" or "Landlord" shall mean the owner and landlord of the property described on the front page of this Agreement) and its Agents (as used herein, "Agent") shall mean any authorized agent of Owner) may require the rent payment and late fee to be paid by certified check or money order. Partial payments will not be accepted without prior management approval. To protect Owner and its agents, Owner may refuse to accept cash payments of rent, rent payments from anyone other than the Resident (as used herein, "Resident" or "Tenant" shall mean a party identified as such on the front of this Agreement and a tenant of the property described on the front of this Agreement) or multiple checks for rent. If any check from Resident has been dishonored for any reason, Owner may require Resident to make all future rent payments by certified check or money order. Month to month rents may be increased with a 30 day written notice. The daily prorates of rents and other monthly charges will be based on one of the following methods chosen by the Owner/Agent, which method will be consistently applied throughout the rental term: a) a 360 day year composed of twelve months of 30 days each; b) a 365 day year; or c) the actual number of days in the current month. The daily amount will be multiplied by the actual number of days of occupancy in the current month. NOTE: Unless otherwise specified, the pro-rate shall be based on a 365 day year. Rent payments are to be made in the form of cash, check, certified check or money order, subject to the limitations set out in this section and in CA Civil Code Section 1947.3. If rent payments are made personally, they shall be made to the Owner/Agent at the address listed on the front page of this Rental Agreement. Except where formal hours are posted otherwise, usual business hours will be from _____ to _____ weekdays. Weekend business hours may be posted at the Owner/Agent's discretion; otherwise, weekends and holidays will be by appointment.
2. NONPAYMENT OF RENT NOTICES: Timely payment of rent by the due date is of the essence and failure to pay the contract rent on or before the specified due date will subject the Resident to immediate service of a three-day notice to pay rent or quit.
3. APPLICATION OF PAYMENTS: All payments made by Resident to Owner after the tenancy commences, no matter how designated by Resident, may be applied by Owner as follows: first to any outstanding amounts due landlord for damages/repairs, utilities, deposits, fees, etc.; second, to any rent outstanding from prior months; third, to the current month's rent, and last, to outstanding late charges.
4. EARLY TERMINATION OF LEASE: If this is a lease for a set term, failure by the Resident(s) to complete the term because of a voluntary termination by Resident(s) or termination by the Landlord for a Resident breach, will expose Resident(s) to the payment of damages. If the early termination box is checked on the front of this agreement to allow Resident(s) to terminate early without uncertainty as to the amount that will be owed as a result, it is agreed that upon any failure of Resident(s) to occupy the unit for the full term, for any reason, Resident(s) will pay to Landlord, in lieu of all other damages or amounts that could be recovered, all of the following: a) all rent, unpaid fees and other non-rent charges accrued prior to the date the unit is vacated; b) all damages relating to the condition of the unit; c) if Resident has given at least 30 days notice of the early termination, an early termination fee in the amount set forth on the front of this agreement, or if none stated, equal to 1 1/2 month's stated rent to cover Owner's potential vacancy loss and advertising and administrative costs associated with re-renting the unit and if Resident has not given at least 30 days notice of the early termination the fee will be 150% of the previously stated amount to cover the increased rental loss associated with no advance notice; and d) interest on the above amounts at the statutory rate from the date each was due. The early termination fee is due on the earlier of the date Resident(s) give notice to vacate or the date the unit is vacated. All other amounts are due at the times specified in this agreement. If the early termination box is not checked, Resident will be liable to Landlord for all actual damages resulting from the early termination, including but not limited to: repayment of concessions; all rent through the earlier of the date the unit is re-rented and the lease termination date; advertising and administrative costs to re-rent the unit; concessions given to re-rent the unit; the difference in rent if a lower rental rate is received from a replacement resident during the remaining term of the original rental agreement, and the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that the Resident proves could be reasonably avoided.
5. TERMINATION: A 30 day written notice to terminate will be required for a month to month tenancy. If the tenancy is for a set term, Resident must give Landlord written notice of intent to vacate at least 30 days prior to the end of the term or the tenancy will, at the option of Landlord, convert to a month to month tenancy automatically, with all conditions, rules and regulations continuing. Such month to month tenancy may be terminated by Resident after service upon Owner/Agent of a written 30-day Notice of Termination. Except as prohibited by law, that month to month tenancy may be terminated by the Owner/Agent by service upon the Resident of a written 60-day notice of termination of tenancy. However, Civil Code Section 1946.1 provides that "if any tenant or resident has resided in the dwelling for less than one year," the Owner/Agent may terminate the tenancy by service upon the Resident of a written 30-day notice.
6. PETS, WATERBEDS AND MUSICAL INSTRUMENTS: No cats, dogs or other pets capable of causing damage to persons or property are allowed without a signed Pet Agreement, and a pet fee paid by the Resident. The Resident will be responsible for any and all damage caused by their pets. Waterbeds are permissible only with proper insurance and written approval by management. Pianos and organs are not allowed without the written consent of management.
7. OCCUPANTS: The unit will be used only for housing persons listed on the Rental Agreement. Additional Residents must be approved by management and are subject to full screening procedures. Persons other than those specifically listed on the Rental Agreement shall be strictly prohibited from staying in the rental unit for more than 10 consecutive days, or a total of twenty days in any twelve month period. For purposes of this section, "staying in the rental unit" means presence on the premises for a substantial amount of time, whether during the day or overnight, and shall include, but not be limited to, long-term or regular

- house guests, live-in baby-sitters, visiting relatives, etc. Resident shall notify the Landlord in writing at the earlier of: any time the Resident expects any guest to be staying in excess of the time limits contained in this paragraph; or when such person in fact stays in excess of such time limits. Subsidized Residents shall be required to submit a report to the Landlord identifying any persons not identified on the Rental Agreement and staying in the rental unit for more than 10 consecutive days, or twenty nonconsecutive days in any twelve month period, and shall state whether such person is contributing to the income of the Resident and to what extent.
8. SUBLETTING: Transfer of any interest in this agreement or subletting the premises is not permitted without Owner/Agent written approval.
9. CARE OF PREMISES: The Resident agrees to keep all areas of the premises clean, sanitary and free from any accumulations of debris, filth, rubbish and garbage and to dispose of same in a proper manner. Residents shall take particular caution regarding the use of cigarettes and other fire hazards. Residents shall not store flammable or hazardous materials. Residents are responsible for all damages to furnishings or premises caused by their negligence. Resident shall report leaky or defective faucets at once. Expense or damage caused by stoppage of waste pipes or overflows of bathtubs, toilets or wash basins must be paid by the Resident as well as any damage to the building or furnishings other than ordinary wear and tear. The Resident shall be responsible for notifying the Owner/Agent when Resident becomes aware of an inoperable dead bolt lock or window security or locking device in the dwelling unit.
10. USE OF AND CHANGES TO PREMISES: All electrical, plumbing, sanitary, heating, ventilating, air conditioning and other facilities or appliances on the premises are to be used in a reasonable manner. Resident will immediately obtain, pay for and not allow to be disconnected or discontinued the utilities for which Resident is responsible. Resident will make no changes or additions to the premises or install anything on the walls, ceilings or in the windows without the prior written consent of Owner/Agent. Satellite dishes and/or antennas will be allowed only in strict compliance with Owner/Agent's Satellite Dish policy and applicable law.
11. DAMAGE: The Resident agrees not to destroy, damage, deface or remove any part of the premises or permit any persons to do so and to assume all liability for damages other than ordinary wear and tear.
12. SECURITY DEPOSITS: All refundable deposits, however designated, may be used to offset any damage, unusual wear and tear or unpaid accounts (including rent) either during the tenancy or at the time of move-out. If used during the tenancy, Resident will replenish it upon demand. If applied at move-out, any excess will be refunded within the time required by law. Any deficiency will be due from you at the time the accounting is sent to you. Any amounts not paid by you within 31 days of the due date will incur interest at 1% per month. If any overdue accounts are turned over to a collection agency, the Resident will be responsible for all collection agency fees and charges. Sending the accounting and/or refunding any deposit does not waive the owner's right to payment for charges discovered or finalized after the accounting was sent. Any security deposit received from multiple residents shall be refunded only when the last resident vacates the unit and terminates their tenancy, unless other arrangements are made with Owner/Agent in writing. Security deposits may be deposited into an interest bearing account. All interest shall accrue to the benefit of Owner/Agent pursuant to their agreement. No interest will be paid to resident on security deposits. If the "Deposits Held By Owner" box is checked on page 1 of this Rental Agreement, all deposits will be deposited by manager into a trust account as required by California law. Manager will then forward the deposits to the owner of the property, who will manage the deposits pursuant to California law.
13. FEES: Upon termination of the tenancy and delivery of possession, Owner/Agent shall first apply any fee to the related landlord expense as reasonably assessed against Resident, before applying Resident's security deposit, if any, to that expense. Owner may charge a fee not to exceed \$25 each time Owner sends a notice to Resident as a result of Resident's non-compliance with this agreement to cover Owner/Agent's administrative expenses for issuing the notice.
14. JOINT RESPONSIBILITY: All Residents are jointly and severally responsible for rent, all other performance and financial obligations hereunder and any damage caused to the living unit or common area by the Resident, any Resident or Occupant of the same unit or their guests. Cost of repairs for damage must be paid within 30 days after receiving a bill unless other arrangements have been made, in writing, with management. Any valid termination notice received from any one Resident may be considered by Landlord a termination notice from all Residents. Any Residents not giving the notice who desire to remain in the premises, may be required to submit updated financial information and requalify under Owner/Agent's then current criteria.
15. ACCESS: The Resident agrees not to unreasonably withhold consent to the Owner/Agent to enter the unit in order to inspect the premises, make necessary or agreed repairs, decorations, alterations, or improvements or to show the unit to prospective buyers or Residents. Owner/Agent may enter the unit without consent in an emergency or at any reasonable time with 24 hours actual notice or after receipt of tenant's written request for maintenance. If the Owner/Agent is obligated to maintain the yard, the Owner/Agent, or their contractors, may enter the yard, without notice, at reasonable times and with reasonable frequency, to perform the maintenance work.
16. ABSENT: The Resident agrees to notify the Owner/Agent of any absence in excess of seven (7) days no later than the first day of absence.
17. LEGAL ACTION: In the event an action is brought by any party to enforce any term of this agreement or to recover possession of the premises, the prevailing party shall recover from the other party, in addition to costs, reasonable attorney's fees.
[] If checked, the total amount the prevailing party shall recover shall not exceed \$ _____.
18. LOCKS: Doors of Residents' unit should be kept locked. Resident shall notify Owner/Agent in writing if locks fail to operate. The Owner/Agent will not be liable or responsible in any way for loss or damage to articles or property belonging to Residents. Resident shall not change the locks without Owner's prior consent. Resident shall immediately provide Owner with a key to any new locks installed.
19. RENTER'S INSURANCE: If renter's insurance is required on the front of this Agreement, Resident will obtain and maintain insurance with a minimum of \$100,000 of liability coverage. Resident will supply Owner/Agent with evidence of such insurance prior to occupying the unit and thereafter upon request. Failure to maintain such insurance in full

- force will be considered a material non-compliance with this Agreement. If insurance is not required by this Agreement, Resident should maintain renter's insurance to cover Resident's liability to Owner/Agent, as well as damage or destruction of Resident's property. Whether or not renter's insurance is required, Resident is not a co-insured under, and has no rights to, Owner/Agent's insurance policies. Except to the extent required by law, Owner/Agent is not responsible for, and its insurance does not cover damage or destruction to, Resident's property. Except to the extent prohibited by law, Resident, on behalf of himself and Resident's insurers, hereby waives any right to subrogation against Owner/Agent or their agents, employees or insurers with respect to any loss or damage relating to Resident's property to the extent such loss or damage is covered by Resident's renter's insurance. Owner/Agent does not waive any subrogation rights its insurers may have.
20. CONDUCT: The premises are to be used only as a dwelling. All Residents are responsible for their own conduct, that of the other Residents in the unit and their guests. Noisy conduct that disturbs the quiet enjoyment of any other Resident or drunk or disorderly conduct will not be permitted at any time. Between 10:00 p.m. and 7:00 a.m., no noise may be emitted from the unit that can be heard outside the unit. This includes stereos, radios, televisions, etc. Residents will not be permitted to play in halls, stairways or entrance of buildings, gardens or landscape areas except where specifically permitted by management. The use, possession, manufacture, or distribution of illegal substances either on or in the vicinity of the Premises is strictly prohibited. Resident may not allow any person to: a) be on the premises who has been excluded from the common areas by Owner/Agent; or b) stay in their unit, as defined in section 7 above, who has had their rental agreement terminated by Owner/Agent. Any action by Resident, any occupant of Resident's unit, or any guest of Resident that interferes with the management of the premises, shall be considered a material non-compliance with this rental agreement.
21. MALFUNCTIONS: The Resident will immediately report in writing all malfunctions of equipment, failures of essential services, or needs for repair. The Resident shall not tamper with the heating system, appliances, locks, doors, light fixtures, or smoke alarms or make any alterations of any nature on or to the premises without the specific written consent of management.
22. RESIDENT LOSSES: The Owner/Agent shall not be liable for damages of any kind caused by the lack of heat, refrigeration or other services to the premises arising out of any accident, act of God, or occurrence beyond the control of the Owner/Agent. The Resident shall be limited to the rights and remedies specified under California law.
23. CO-SIGNER: If the obligations under this agreement are guaranteed by a co-signer, Resident agrees that Owner/Agent would not have rented without the guaranty. In the event the guaranty is terminated or becomes unenforceable for any reason, this will be considered a material non-compliance with this agreement.
24. COMMUNITY RULES: Unless Owner/Agent has custom rules and regulations for the property, the rules and regulations contained in MMHA form M132 CA (Community Rules & Regulations) apply and are incorporated by reference herein.
25. NOTICES: All notices required under the Rental Agreement or State law to be in writing shall be served personally, by first class mail or by first class mail and attachment. If served by first class mail and attachment, a notice from the Owner/Agent to the Resident shall be deemed served on the day and at the time it is both mailed by first class mail to the Resident at the premises and attached in a secure manner to the main entrance of that portion of the premises of which the Resident has possession. If served by first class mail and attachment, a notice from the Resident to the Owner/Agent shall be deemed served on the day it is both mailed by first class mail to the Owner/Agent at the address set forth on this Agreement and attached in a secure manner to the main entrance of the complex office, if one exists, and if not, to the Owner/Agent's location identified on the front of this Agreement. If the main entrance to the complex office is located inside a building, the notice should be attached to the main entrance of such building. Owner/Agent is authorized to accept notices on behalf of the owner of the premises. Personal service may be effected for the purpose of service of process and for the purpose of receiving and accepting of all notices and demands at the telephone number, and street address of the Owner/Agent listed on the front page of this Rental Agreement.
26. PARKING: Unless Owner/Agent has custom parking rules for the property, all off street parking is governed by the rules and regulations contained in MMHA form M158 CA (Parking/Carport Agreement) which Resident acknowledges receiving and is incorporated by reference herein.
27. CONTROL OF COMMON AREAS: Owner/Agent and any person designated by Owner/Agent retains control over any common areas of the Premises for the purposes of enforcing state trespass laws.
28. REQUESTS FOR REASONABLE ACCOMMODATION/MODIFICATION: As required under federal, state, and local fair housing laws, Residents with disabilities may request reasonable accommodations/modifications related to their housing. All requests must be made to the Owner/Agent specifying the nature of the requested accommodation/modification. It is recommended, but not required, that such request be made in writing.
29. TERMINATION FOR FALSE INFORMATION OR CRIMINAL CONVICTION: If any information supplied in conjunction with application for this rental unit is later found to be false, or if any occupant is convicted of a crime during the tenancy that would constitute grounds for denial of tenancy under Owner's then current rental criteria, this is grounds for termination of tenancy.
30. MEGAN'S LAW NOTICE: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.
31. COMPLETE AGREEMENT: This Rental Agreement, any rules and regulations for the premises, and any other written addenda executed by the parties on or after the date of this Agreement contain the entire understanding of the parties. There are no prior oral or written agreements unless they are referenced herein. If this is a renewal of an existing Rental Agreement, all written addenda executed on or after the date of the original Rental Agreement that are consistent herewith are incorporated herein. If any clause or part of a clause of this Rental Agreement is found to be unenforceable by a court or other body with proper authority then that clause or part of the clause will be deleted and the rest of this Rental Agreement shall remain in full force and effect.

ON SITE RESIDENT MAIN OFFICE (IF REQUIRED)

INITIAL HERE

ADDENDUM TO RENTAL AGREEMENT

CAMBRIDGE
real estate services

Property Name Glenbrook Apartments

Unit # _____

Resident Name(s) _____

Authorized Agent: The name of the person authorized to manage the property and act on behalf of the owner for the purpose of service of process and for the purpose of receiving and receipting for notices and demands is Cambridge Real Estate Services.

Rules and Regulations: The resident understands and agrees to abide by all of the terms and conditions listed on the Rental Agreement and all separate rules and regulations which are incorporated as part of this Agreement.

Early Termination Exception: The lease buy-out option does not exist during the initial lease term of a property operated under Section 42 of the IRS Code.

Unenforceable Provisions: The resident agrees that, if at some future date, a portion of this agreement should be judged unenforceable by a court of law, all other portions will remain in force.

Security Deposits: If the security deposit increases due to a change in the number of residents, the amount of the increase will be the responsibility of the remaining resident(s).

Delivery of Possession: Landlord shall not be liable to resident for failure to deliver possession at the beginning of the term if such failure is due to circumstances beyond the Landlord's reasonable control, including the prior tenant's failure to vacate.

Partial Payments: Partial rent payments will not be accepted.

Late Charges: A late charge totaling \$50.00 will be charged if rent is paid after 5 p.m. on the 4th of the month. Exception: If the 5th of the month falls on a Sunday or a holiday, the late fee will be assessed on the next business day.

Babysitting: Except where otherwise allowed by local ordinance or housing program (i.e. Section 42 housing), operation of a commercial day care facility within an apartment must be disclosed to and approved by management.

Winterizing: The Resident shall comply with all reasonable requests made by the Landlord regarding the care of their apartment, including but not limited to directions regarding protecting the property against damage due to freezing temperatures; proper use of fixtures and appliances; and generally accepted housekeeping standards including but without limitation to cleaning supplies, techniques and frequency.

Barbecues: Barbecues: as of December 1st, 2022, no barbecue of any type may be stored or used on the Premises. This includes, but is not limited to, a resident's porch, balcony, common areas, and parking lots.

Lockouts: As a company wide policy, we do not handle lockouts for residents. If a resident is locked out, they can obtain a key during business hours or, if after hours, must call a locksmith.

Transfers: A transfer fee may be required for any resident wishing to transfer apartments. In cases where the property is operated with Section 42 of the IRS Code, transfer requests may be denied.

Gardens: The resident must not cultivate any garden area or disturb any landscape without written management permission, except in designated areas.

Accessible Unit: If accessible unit is occupied by a tenant not needing the specially designed features of the unit:

- If I am occupying a specially designed accessible unit for disabled persons, and if I do not need such accessible features, I acknowledge that priority for such accessible unit is given to those disabled persons needing the special design features of this unit. I agree that I will be required to vacate the unit within 30 days of notification from landlord that an eligible individual requires the special design features of this unit. I further agree to move at my own expense (unless otherwise agreed by landlord in writing) within 30 calendar days of such written notice. I further understand that, if I move to an appropriate unit within the project, my rental rate will change to the rental rate for the unit I move to and this lease will be modified accordingly.

Resident further agrees to:

- Keep the apartment clean at all times, free of dirt and debris, especially those that can harbor mold, mildew spores or fungal growth
- Clean bathroom, kitchen surfaces and walls with products which reduce or inhibit growth of mold, mildew or other fungi
- Keep the humidity below 40% in the apartment
- Report to the landlord when any exhaust fan does not operate
- Open multiple windows (weather permitting) at least twice a week for a minimum of one hour to allow cross ventilation of the apartment
- Notify the landlord of any mold grown on any surfaces inside the apartment, such as dark stains or patterns migrating through the walls or ceilings, and not attempt to disturb or remove any identified mold growth in the apartment unit without consulting the property manager
- Immediately report the discovery of the presence or indications of vermin such as accumulations of debris or feces. The resident agrees not to attempt to disturb or remove vermin in the apartment unit without consulting the property manager.

- Allow the landlord to enter the apartment to inspect and make necessary repairs
- Not modify or adjust any utility or mechanical systems in the apartment without prior written approval from the property manager. Apartment unit modifications and adjustments include, but are not limited to: sealing, closing or otherwise restricting the flow of ventilation or plumbing systems (including the installation/use of bidets); adding, removing or diverting any ventilation duct or plumbing lines; drilling, nailing, or otherwise penetrating walls, floors, or ceilings to a depth of more than one inch (i.e. where the penetration might contact plumbing or electrical lines or result in a loss of integrity)

If Pets Allowed at This Property:

- Unless otherwise granted by management in writing, there shall be a combined limit of two pets, aquariums or cages per apartment. The maximum aquarium size shall not exceed 50 gallons and the maximum cage size shall not exceed 30 cubic feet. Maximum occupancy for each aquarium or cage shall be subject to approval by a qualified veterinarian.
- Pets will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident’s control.
- Pets will be kept clean and free of pests. Pest treatments required due to pet owner negligence will be billed to the resident. The pet will not be allowed to use any part of the property for depositing waste. Failure to clean up pet waste will result in a \$50 fee (\$5 at HUD properties) per offense. Should this occur accidentally, the pet waste will immediately be picked up, sealed in a plastic bag and thrown away. Any pet waste that is accumulated in a tray outside the apartment home will be disposed of promptly and properly.
- Pets shall not be kept, bred or used for any commercial purpose.
- Puppy pads, or other pet training pads used specifically for collecting waste are specifically prohibited as they do not meet standards for housekeeping and can lead to floor damage.
- Payment arrangements for the required security deposit may be made by satisfying an initial pet deposit of \$50 and then paying \$10 monthly until paid in full (HUD Elderly Properties Only).
- See further information on the Pet Agreement.

Service Animals: The service animal(s) will be kept clean and free of pests. See further information on the Assistance/Companion Animal Agreement. Service animals will not be allowed out of the unit except when being carried by Resident or when on a leash under Resident’s control.

Gang Activity: Tenant agrees that tenant, any family member residing on the Premises or any guest or invitee shall not be a participant of gang activity or criminal activity on the Premises during the term of this Agreement. The term “gang” refers to a group, or a member of a group, of people who are involved in illegal activity or anti-social behavior. “Gang activity” includes but is not limited to:

- Wearing clothing, jewelry, or tattoos unique to gang affiliations (color alone is not sufficient to establish gang affiliation)
- Grouping to show gang affiliation or to intimidate rival gangs or tenants, or
- Claiming gang membership

Criteria for Exclusion of Non-Residents from the Premises: Any non-resident will be barred from returning to the Premises if that person:

- Makes unreasonable noise
- Engages in fighting or in violent or threatening behavior
- Substantially interferes with any right, comfort or convenience of any resident of the Premises or employee of the Landlord
- Engages in activity which constitutes a criminal offense
- Engages in any activity involving firearms, illegal drugs or violence
- Damages, defaces or destroys any property belonging to Landlord, any resident or any Landlord’s employees
- Litters on the Premises
- Drives in a careless or reckless manner
- Consumes or possesses an open container of any alcoholic beverage on the common areas of the Premises
- Engages in Gang activity (defined above in Gang Activity section)
- Violates curfew ordinance for the City where Premises is located

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an internet website maintained by the Department of Justice at <http://www.megan’slaw.ca.gov>. Depending on an offender’s criminal history, this information will include either the address at which the offender resides or the community of residence and zip code in which he or she resides.

_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
_____	_____	_____	_____
RESIDENT	DATE	RESIDENT	DATE
		_____	_____
		OWNER/AGENT	DATE

California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM

Instructions: 1. Complete the shaded areas in the form, below
2. Have Lessor/Agent sign this Addendum and have the Tenant(s) sign this Addendum.
3. Provide fully signed copy to Tenant, and have Tenant (or Head of Household) initial indicating receipt.
NOTE: Inform Tenant that Tenant may also receive this Addendum in Spanish if requested.

This Lease Addendum (Addendum) is intended to amend the Lease/Rental Agreement (Lease), dated _____, between _____ (Lessee/Tenant) and _____ (Lessor/Landlord) for the lease of Unit Number _____ of _____ (Project) located at _____ (Address), _____ (City), California (the Leased Premises).

As a condition of financial assistance provided for the above-named multifamily rental housing development (Project) by the Department of Housing and Community Development (the Department), the owner of the Project has entered into a Regulatory Agreement recorded _____ as instrument number/in book and page _____ in the Official Records of the County of _____, which establishes the terms, conditions and procedures related to the Project. The above noted leased unit is deemed to be an "Assisted Unit" as the term is defined in the Regulatory Agreement, and as such is subject to Project requirements.

The terms of this Addendum take precedence over every other provision in the lease itself and over any other lease addendum or attachment except as noted herein.

- (1) "Good cause", as defined by the Uniform Multifamily Regulations (the UMR), shall be required for termination of tenancy. Pursuant to *UMR Section 8307(a)(1)*: One or more of the following constitutes "good cause":
 - (A) failure by the Tenant to maintain applicable eligibility requirements under the Program ("Program" means the Department funding program or programs providing assistance to the Project) or other eligibility requirements as approved by the Department;
 - (B) material noncompliance by the Tenant with the Lease, including one or more substantial violations of the Lease or habitual minor violations of the Lease which:
 - (i) adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the Leased Premises and related Project facilities;
 - (ii) substantially interfere with the management, maintenance, or operation of the Project; or
 - (iii) result from the failure or refusal to pay, in a timely fashion, Rent, as defined in the Regulatory Agreement or UMR, or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the 3-day notice period;
 - (C) material failure by the Tenant to carry out obligations under state or local law;
 - (D) subletting by the Tenant of all or any portion of the Assisted Unit;

California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM

- (E) any other action or conduct of the Tenant constituting significant problems which can be reasonably resolved only by eviction of the Tenant, provided that the Landlord has previously notified the Tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a Tenant, after written notice, to accept reasonable rules or any reasonable changes in the Lease or the refusal to recertify income or household size; or
 - (F) for Transitional Housing: the end of the maximum term prescribed for tenant occupancy by the Program operated in a particular Transitional Housing development.
- (2) Any notice provided to the Tenant pursuant to state law shall state the facts constituting the grounds for any eviction. *See UMR Section 8307(a)(2).*
 - (3) The Tenant is hereby notified of the availability of grievance procedures for hearing tenant complaints and for appeal of management action; such procedures are provided within the Lease, or attached hereto, or available upon request from the management company. *See UMR Section 8307(b).*
 - (4) The Tenant household is annually required to recertify household income and size. *See UMR Sections 8306(a) and 8307(a)(4).*
 - (A) If, at the time of recertification, in MHP and LPR funded projects, the Tenant's household size has changed and no longer meets the occupancy standards of the Program, the Landlord may require the Tenant to move to the next available appropriately sized unit. *See UMR Section 8306(b).* For VHHP and AHSC funded projects, the Landlord may follow the CA Tax Credit Allocation Committee ("CTCAC") rules and procedures.
 - (B) If, at the time of recertification, the Tenant's household income exceeds the income limit designated for the household's unit, the Landlord may increase the Rent, in MHP funded projects, to the extent a Rent increase for the household is permitted by statutes and regulations governing the low income housing tax credit program, i.e. CTCAC, pursuant to the Department's regulations governing the procedure for adjusting Rents for over-income households. *See MHP Regulations Section 7311.* For VHHP, and AHSC funded projects, the Landlord may increase the Rent using CTCAC rules and procedures. For LPR projects, the Landlord may increase the Rent in accordance with Section 108(a) of the LPR Guidelines or, for Special Rent Increase tenants, in accordance with Section 108(c)(1)(A)(v), as permitted, in either case, by CTCAC rules and procedures.
 - (5) Initial term of tenancy for all Department-regulated units and all tax credit units shall be a minimum of at least six months, except that units for single room occupancy or transitional housing shall have a minimum initial term of at least one month. Subsequent Lease renewals for all types of tenancy shall be for a minimum term of at least one month.
 - (6) Rents may be adjusted no more than once annually, and such adjustment shall be calculated in accordance with HCD Program requirements, or if so approved by HCD, using CTCAC rules and procedures. *MHP Regulations Section 7312(c).*

**California Department of Housing and Community Development
ASSET MANAGEMENT & COMPLIANCE (AMC) MULTI-FAMILY RENTAL LEASE ADDENDUM**

- (7) For units receiving HUD Section 8 or other similar Federal rental assistance, the rules of such program regarding Rent increases shall prevail, even if Tenant contribution amounts occur more often than annually. See *MHP Regulations Section 7312(e)*.
- (8) Any provisions in this Lease in violation of State law, Department Regulations or Guidelines, the Regulatory Agreement, or Federal law, are void.

- Landlord, or;
- Property Management Company:

By: _____ (Manager) _____ (Date)

Tenant(s) (Name and initials upon receipt of copy):

			Tenants are to initial below after receiving a copy of the signed document.	
Tenant Name	Tenant Signature	Date	Initials	Date
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

EXHIBIT “E”



Fall / Winter Announcement

Dear Residents:

On an annual basis, Cambridge Real Estate Services publishes this reminder regarding snow removal and snow management policies.

As you are aware, the Truckee / Tahoe region experiences significant snowfall during most winters. Cambridge site management offices have on-going communication with the Town of Truckee Road maintenance department. We offer the following input regarding Town standards for the most challenging periods of winter weather.

- The Town of Truckee has an established response goal of 24 hours when snowfall reaches 24 inches; if snowfall is less than 12 inches in depth, response times are generally within 12 hours.
- The Town of Truckee coordinates emergency snow removal with the department of emergency services. Therefore, a near-immediate response for snow removal is often issued by local police, fire or medical services personnel if they are responding to an emergency during inclement weather.
- An established Town ordinance prohibits parking within the Town Right of Way along any public street. The Town has authority to ticket and/or tow any vehicle parked within the Right of Way. For purposes of Truckee Pines and Truckee Donner, the Right of Way is anywhere along any paved or shoulder areas of Estates Drive and Riverview Drive. For Henness Flats and Frishman Hollow, please avoid parking in any location other than a designated property parking lot; specifically, do not park along the public street called Rue Ivy Way which leads to Frishman Hollow.
- The Town of Truckee has an established response goal which calls for substantially clear public streets within seven calendar days after the end of a significant storm.

With this letter we wish to advise all residents that our intentions regarding the clearing of snow at communities managed by our company will closely mirror these Town of Truckee standards.

During periods of heavy snowfall, As temperatures stay near the freezing level, the accumulation of snow in native areas will generally remain untouched. We elect to leave courtyards, wetlands and other non-essential areas of the property without snow management so that we can focus on other areas that are more commonly used by pedestrians and motor vehicles.

We thank in advance the vendors and employees who will be actively involved in snow removal and snow management activities during the coming weeks. These individuals often work long hours, under very challenging circumstances. They do so in order that we can maintain communities in a condition that causes them to be as accessible as possible. We appreciate their efforts.

Residents should be advised of our goals for the coming days. Specifically:

Please be advised:

- Every effort shall be made to preserve access to each and every apartment on an uninterrupted basis. Apartments with multiple pathways for access may find that access is limited to just one pathway during peak snowfall periods.
- Driveways and parking areas will be plowed as frequently as a contract service provider is able. We anticipate plowing will occur on an on-going basis.
- Residents are asked to cooperate with snow removal efforts by avoiding the creation of any obstacles which would limit progress. Specifically, bicycles, toys and other personal property should not be left on walkways. Automobiles should be parked only in designated parking areas. We ask that residents not obscure or otherwise tamper with snow poles as these are important in defining the areas to be cleared.
- For those of you who choose to clear snow on your own from your immediate and exclusive living area (such as patios, porches and so forth), we ask that you please shovel towards the buildings, so the driveway remains as clear as possible. This will allow for vehicles to get through easier until the snowplow is able to come through.
- To avoid damage to vehicles, snowplow operators are obligated to maintain a safe clearance between the drive aisles they clear and the vehicles parked in close proximity. If you find that the space between your vehicle and a cleared driveway is more than 24", or if you find that driveway clearing resulted in excessive snow being shifted toward your vehicle, please contact the management office so we can respond as promptly as possible and assist.

From time-to-time management will also contract with seasonal employees to assist in snow management. These supplemental resources will provide us an opportunity to respond to even the largest storms of any given season.

Finally, in the event that temperatures drop well below freezing, we call your attention to the enclosed "Cold Weather Alert" notices. Your cooperation in helping us avoid the inconvenience and cost of frozen water lines is very much appreciated.

In advance, we thank you for your continued residency. We wish you a safe winter season and remind you that our best efforts are still at times tested by the whims of Mother Nature.

Sincerely,

Janeen Kallus
Cambridge Real Estate Services

EXHIBIT “F”



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac

MEMBERS

FIONA MA, CPA, CHAIR
State Treasurer

MALIA M. COHEN
State Controller

JOE STEPHENSHAW
Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

TIENA JOHNSON HALL
Executive Director of CalHFA

EXECUTIVE DIRECTOR
MARINA WIANT

DATE: April 25, 2024
TO: Low Income Housing Tax Credit Project Owners and Applicants
FROM: California Tax Credit Allocation Committee (CTCAC)
RE: 2024 Income Limits and Maximum Rents

On April 1, 2024, the U.S. Department of Housing and Urban Development (HUD) published the 2024 Income Limits applicable to low-income housing funded with Low Income Housing Tax Credits (LIHTC) and projects financed with tax-exempt housing bonds. CTCAC utilizes the information published by HUD to calculate maximum rents and income limits for California LIHTC projects. The 2024 limits go into effect on April 1, 2024. Projects that Place-In-Service (PIS) on or after April 1, 2024 have a 45 day grace period in which they may choose to use either the current 2024 Income and Rent Limits or the prior 2023 Income and Rent Limits for lease up and determining the gross rent floor election (GRFE) for the property. All properties that PIS on or after May 16, 2024, must use the 2024 Income and Rent limits.

The Housing and Economic Recovery Act (HERA) of 2008 made statutory changes to how income limits were calculated for projects. Prior to the HERA Legislation, income and rent limits were determined by HUD on an annual basis and were based on the Area Median Gross Income (AMGI) of the county the project was located in. Additionally, if HUD determined there was a decrease in the AMGI, the limits were “held harmless” at the level of the prior year. The HERA legislation changed the “hold harmless” determination of AMGI from an annual county level to a project level, based on the year the project placed in service (HERA Hold Harmless). Additionally, it gave an adjusted increase in the income limits (HERA Special) to projects in counties for which the AMGI had been determined to be held harmless in 2007 and 2008 (Impacted Properties). Please see IRS LIHC Newsletter #35 for more information about what constitutes “determined” and projects that were placed in service before or after the HUD income limit effective dates at the following link:

http://treasurer.ca.gov/ctcac/rentincome/09/irs_lowincome.pdf

In California, there were initially seven designated HERA Special counties:

Marin
Nevada
San Francisco
San Mateo
Santa Clara

Solano
Ventura

In 2010, HUD announced that they were creating the Multifamily Tax Subsidy Program (MTSP) Limits for all LIHTC properties going forward, separating them from the Section 8 limits, and eliminating the previous hold harmless policy. At that time, HUD also established a maximum and minimum amount that the AMI can change from year to year. The income limits issued for the Section 8 and MTSP programs will not increase more than 5% or twice the change in the national non-metro AMGI (whichever is greater), nor will the limits decrease more than 5%. With the change in policy, HERA Hold Harmless provisions apply to all projects that were placed in service on or after January 1, 2009, and all future projects. The elimination of the HUD hold harmless policy created separate income and rent tables, adjusted annually, based on the projects PIS date (Non-Impacted).

Impacted and Non-Impacted MTSP projects:

- **Impacted Project** – An Impacted Project is any project which had area median gross income determined in 2007 or 2008 under the HUD Hold Harmless policy, for which HUD has published a HERA Special limit and meets the following requirements:
 1. Any single building project that Placed in Service on or before 12/31/2008.
 2. Any multi-building project that had at least one building Place in Service on or before 12/31/2008.
 3. Any acquisition/rehab project that has the date of acquisition on or before 12/31/2008.
 4. Any rehab only project that had at least one building Place in Service on or before 12/31/2008.
- **Non-Impacted** – Non-Impacted MTSPs are projects that were not subject to the HUD Hold Harmless policy in 2007 or 2008, placed in service on or after January 1, 2009, or may not be affected by HERA Special Limits at this time. All non-impacted properties are still under the provisions of HERA Hold Harmless once they have placed in service and are subject to the 45-day implementation grace period.
 - For existing non-Impacted projects where the placed in-service date is 1/1/2009 – 5/1/2024, you would use the greater of the previous year (2023) or the current (2024) income and rent limits.
 - The Rent Limit is the greater of the current year (2024) **or** the gross rent floor election. CTCAC will determine the gross rent floor election to be at carryover allocation for 9% tax credit projects or at preliminary reservation for 4% bond projects unless written notification is made by the owner to CTCAC specifying the gross rent floor election is to be at placed in service.

Changes to the Income Limits for *Multifamily Tax Subsidy Projects* MTSPs under HERA and subsequent legislation:

On March 23, 2018, the omnibus appropriations bill was signed into law, which included a change to Section 42 of the Internal Revenue Code allowing “Average Income Test,” under which a project may include units targeted up to 80% of area median income (AMI) as long as the project’s average targeting does not exceed 60% AMI. In 2018, CTCAC implemented regulation changes that allowed certain projects that would PIS in or after 2018, to change to the Average Income Test set-aside. The 2018 and all future Income and Rent limits reflect the averages from 20% up to 80%.

2024 Income and Rent Limits:

One county in California saw a decrease in the AMGI for 2024, all other counties increased or remained the same. The county with a decrease is:

Calaveras

In 2024, CTCAC combined tables with duplicative information and the resulting four (4) income limit tables and four (4) rent limit tables are posted on the CTCAC website.

2024 Income Limits for Projects Placed in Service on or before 12/31/2008 (*including HERA Special Projects*)

2024 Income Limits for Projects Placed in Service from 1/1/2009 – 5/14/2023

2024 Income Limits for Projects Placed in Service from 5/15/2023 – 3/31/2024

2024 Income Limits for Projects Placing in Service on or after 5/1/2024+

2024 Rent Limits for Projects Placed in Service on or before 12/31/2008 (post 1989)

2024 Rent Limits for Projects Placed in Service from 1/1/2009 – 5/14/2023

2024 Rent Limits for Projects Placed in Service from 5/15/2023 – 3/31/2024

2024 Rent Limits for Projects Placing in Service on or after 4/1/2024+

Note: for projects pre-1990 that use a per person based rent limit, please contact Compliance Section Chiefs Mayra Lozano at mayra.lozano@treasurer.ca.gov or Elizabeth Gutierrez-Ramos at elizabeth.gutierrez@treasurer.ca.gov to receive a copy of the 2024 rent limits.

All income limit tables reflect the current limits as determined by the HERA Special, HERA Hold Harmless, and MTSP guidance for 2009-2024.

Please note this memo provides summary information of published HUD guidance. **Please review the entire Federal Register notice [Docket No. FR-5323-N-03], dated May 17, 2010, prior to determining which income limits and maximum rents are applicable to your project(s).**

If you have any questions on the 2024 Rent & Income limit guidance, please contact Compliance Section Chiefs, Mayra Lozano at mayra.lozano@treasurer.ca.gov or Elizabeth Gutierrez-Ramos at elizabeth.gutierrez@treasurer.ca.gov or by calling (916) 654-6340.

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
2024**

**Maximum Income Levels
For Projects Placed in Service on or before 12/31/2008
Including HERA Special Limits**

County	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
MODOC								
100% Income Level	\$61,600	\$70,400	\$79,200	\$87,900	\$95,000	\$102,000	\$109,000	\$116,100
60% Income Level	\$36,960	\$42,240	\$47,520	\$52,740	\$57,000	\$61,200	\$65,400	\$69,660
55% Income Level	\$33,880	\$38,720	\$43,560	\$48,345	\$52,250	\$56,100	\$59,950	\$63,855
50% Income Level	\$30,800	\$35,200	\$39,600	\$43,950	\$47,500	\$51,000	\$54,500	\$58,050
45% Income Level	\$27,720	\$31,680	\$35,640	\$39,555	\$42,750	\$45,900	\$49,050	\$52,245
40% Income Level	\$24,640	\$28,160	\$31,680	\$35,160	\$38,000	\$40,800	\$43,600	\$46,440
35% Income Level	\$21,560	\$24,640	\$27,720	\$30,765	\$33,250	\$35,700	\$38,150	\$40,635
30% Income Level	\$18,480	\$21,120	\$23,760	\$26,370	\$28,500	\$30,600	\$32,700	\$34,830
MONO								
100% Income Level	\$65,400	\$74,800	\$84,100	\$93,500	\$100,900	\$108,400	\$115,900	\$123,400
60% Income Level	\$39,240	\$44,880	\$50,460	\$56,100	\$60,540	\$65,040	\$69,540	\$74,040
55% Income Level	\$35,970	\$41,140	\$46,255	\$51,425	\$55,495	\$59,620	\$63,745	\$67,870
50% Income Level	\$32,700	\$37,400	\$42,050	\$46,750	\$50,450	\$54,200	\$57,950	\$61,700
45% Income Level	\$29,430	\$33,660	\$37,845	\$42,075	\$45,405	\$48,780	\$52,155	\$55,530
40% Income Level	\$26,160	\$29,920	\$33,640	\$37,400	\$40,360	\$43,360	\$46,360	\$49,360
35% Income Level	\$22,890	\$26,180	\$29,435	\$32,725	\$35,315	\$37,940	\$40,565	\$43,190
30% Income Level	\$19,620	\$22,440	\$25,230	\$28,050	\$30,270	\$32,520	\$34,770	\$37,020
MONTEREY								
100% Income Level	\$92,700	\$106,000	\$119,200	\$132,400	\$143,000	\$153,600	\$164,200	\$174,800
60% Income Level	\$55,620	\$63,600	\$71,520	\$79,440	\$85,800	\$92,160	\$98,520	\$104,880
55% Income Level	\$50,985	\$58,300	\$65,560	\$72,820	\$78,650	\$84,480	\$90,310	\$96,140
50% Income Level	\$46,350	\$53,000	\$59,600	\$66,200	\$71,500	\$76,800	\$82,100	\$87,400
45% Income Level	\$41,715	\$47,700	\$53,640	\$59,580	\$64,350	\$69,120	\$73,890	\$78,660
40% Income Level	\$37,080	\$42,400	\$47,680	\$52,960	\$57,200	\$61,440	\$65,680	\$69,920
35% Income Level	\$32,445	\$37,100	\$41,720	\$46,340	\$50,050	\$53,760	\$57,470	\$61,180
30% Income Level	\$27,810	\$31,800	\$35,760	\$39,720	\$42,900	\$46,080	\$49,260	\$52,440
NAPA								
100% Income Level	\$102,800	\$117,400	\$132,200	\$146,800	\$158,600	\$170,300	\$182,100	\$193,800
60% Income Level	\$61,680	\$70,440	\$79,320	\$88,080	\$95,160	\$102,180	\$109,260	\$116,280
55% Income Level	\$56,540	\$64,570	\$72,710	\$80,740	\$87,230	\$93,665	\$100,155	\$106,590
50% Income Level	\$51,400	\$58,700	\$66,100	\$73,400	\$79,300	\$85,150	\$91,050	\$96,900
45% Income Level	\$46,260	\$52,830	\$59,490	\$66,060	\$71,370	\$76,635	\$81,945	\$87,210
40% Income Level	\$41,120	\$46,960	\$52,880	\$58,720	\$63,440	\$68,120	\$72,840	\$77,520
35% Income Level	\$35,980	\$41,090	\$46,270	\$51,380	\$55,510	\$59,605	\$63,735	\$67,830
30% Income Level	\$30,840	\$35,220	\$39,660	\$44,040	\$47,580	\$51,090	\$54,630	\$58,140
NEVADA - HERA Special								
100% Income Level	\$79,300	\$90,600	\$101,900	\$113,200	\$122,300	\$131,400	\$140,400	\$149,500
60% Income Level	\$47,580	\$54,360	\$61,140	\$67,920	\$73,380	\$78,840	\$84,240	\$89,700
55% Income Level	\$43,615	\$49,830	\$56,045	\$62,260	\$67,265	\$72,270	\$77,220	\$82,225
50% Income Level	\$39,650	\$45,300	\$50,950	\$56,600	\$61,150	\$65,700	\$70,200	\$74,750
45% Income Level	\$35,685	\$40,770	\$45,855	\$50,940	\$55,035	\$59,130	\$63,180	\$67,275
40% Income Level	\$31,720	\$36,240	\$40,760	\$45,280	\$48,920	\$52,560	\$56,160	\$59,800
35% Income Level	\$27,755	\$31,710	\$35,665	\$39,620	\$42,805	\$45,990	\$49,140	\$52,325
30% Income Level	\$23,790	\$27,180	\$30,570	\$33,960	\$36,690	\$39,420	\$42,120	\$44,850
ORANGE								
100% Income Level	\$110,500	\$126,200	\$142,100	\$157,800	\$170,500	\$183,100	\$195,700	\$208,300
60% Income Level	\$66,300	\$75,720	\$85,260	\$94,680	\$102,300	\$109,860	\$117,420	\$124,980
55% Income Level	\$60,775	\$69,410	\$78,155	\$86,790	\$93,775	\$100,705	\$107,635	\$114,565
50% Income Level	\$55,250	\$63,100	\$71,050	\$78,900	\$85,250	\$91,550	\$97,850	\$104,150
45% Income Level	\$49,725	\$56,790	\$63,945	\$71,010	\$76,725	\$82,395	\$88,065	\$93,735
40% Income Level	\$44,200	\$50,480	\$56,840	\$63,120	\$68,200	\$73,240	\$78,280	\$83,320
35% Income Level	\$38,675	\$44,170	\$49,735	\$55,230	\$59,675	\$64,085	\$68,495	\$72,905
30% Income Level	\$33,150	\$37,860	\$42,630	\$47,340	\$51,150	\$54,930	\$58,710	\$62,490

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
2024

Maximum Multi-Family Tax Subsidy Projects (MTSP) Rents
for Low Income Housing Tax Credit (LIHTC) Projects
Placed in Service after January 1, 1990 (post 1989)
For Projects Placed in Service on or before 12/31/2008
Including HERA Special Limits

County	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR
NEVADA - HERA Special						
100% Income Level	\$1,982	\$2,122	\$2,546	\$2,942	\$3,284	\$3,622
60% Income Level	\$1,189	\$1,274	\$1,528	\$1,766	\$1,971	\$2,174
55% Income Level	\$1,090	\$1,168	\$1,401	\$1,619	\$1,806	\$1,993
50% Income Level	\$991	\$1,061	\$1,273	\$1,471	\$1,642	\$1,811
45% Income Level	\$892	\$955	\$1,146	\$1,324	\$1,478	\$1,630
40% Income Level	\$793	\$849	\$1,019	\$1,177	\$1,314	\$1,449
35% Income Level	\$693	\$743	\$891	\$1,030	\$1,149	\$1,268
30% Income Level	\$594	\$637	\$764	\$883	\$985	\$1,087
ORANGE						
100% Income Level	\$2,762	\$2,958	\$3,552	\$4,102	\$4,576	\$5,050
60% Income Level	\$1,657	\$1,775	\$2,131	\$2,462	\$2,746	\$3,030
55% Income Level	\$1,519	\$1,627	\$1,953	\$2,257	\$2,517	\$2,777
50% Income Level	\$1,381	\$1,479	\$1,776	\$2,051	\$2,288	\$2,525
45% Income Level	\$1,243	\$1,331	\$1,598	\$1,846	\$2,059	\$2,272
40% Income Level	\$1,105	\$1,183	\$1,421	\$1,641	\$1,831	\$2,020
35% Income Level	\$966	\$1,035	\$1,243	\$1,436	\$1,602	\$1,767
30% Income Level	\$828	\$887	\$1,065	\$1,231	\$1,373	\$1,515
PLACER						
100% Income Level	\$2,064	\$2,210	\$2,652	\$3,064	\$3,420	\$3,772
60% Income Level	\$1,239	\$1,326	\$1,591	\$1,839	\$2,052	\$2,264
55% Income Level	\$1,135	\$1,216	\$1,458	\$1,685	\$1,881	\$2,075
50% Income Level	\$1,032	\$1,105	\$1,326	\$1,532	\$1,710	\$1,886
45% Income Level	\$929	\$995	\$1,193	\$1,379	\$1,539	\$1,698
40% Income Level	\$826	\$884	\$1,061	\$1,226	\$1,368	\$1,509
35% Income Level	\$722	\$773	\$928	\$1,072	\$1,197	\$1,320
30% Income Level	\$619	\$663	\$795	\$919	\$1,026	\$1,132
PLUMAS						
100% Income Level	\$1,612	\$1,726	\$2,072	\$2,394	\$2,672	\$2,948
60% Income Level	\$967	\$1,036	\$1,243	\$1,437	\$1,603	\$1,769
55% Income Level	\$886	\$950	\$1,139	\$1,317	\$1,469	\$1,621
50% Income Level	\$806	\$863	\$1,036	\$1,197	\$1,336	\$1,474
45% Income Level	\$725	\$777	\$932	\$1,077	\$1,202	\$1,326
40% Income Level	\$645	\$691	\$829	\$958	\$1,069	\$1,179
35% Income Level	\$564	\$604	\$725	\$838	\$935	\$1,032
30% Income Level	\$483	\$518	\$621	\$718	\$801	\$884

EXHIBIT “G”



CEDAR PARK

Affordable Housing in Grass Valley, California
 One of the best communities Grass Valley
 has to offer!

Section 8 *Vouchers Accepted*

FEATURING THESE AMMENITES

- | | |
|----------------------------------|------------------------------|
| Spacious Floor Plans | Onsite Community Center |
| Abundant Closet Space | Playground |
| Stackable Washer & Dryer Hookups | Basketball Court |
| Dishwashers | Convenient to Shopping |
| Gas Stoves | Expansive Patios and Decks |
| Frost Free Refrigerators | Beautiful Landscaped Setting |

MAXIMUM HOUSEHOLD INCOME LIMITS

Number of Occupants	Maximum Annual Income
1	\$47,580
2	\$54,360
3	\$61,140
4	\$67,920
5	\$73,380
6	\$78,840
7	\$84,240

ANTICIPATED AFFORDABLE RENTAL RATES

Number of Bedrooms	Monthly Rent
2	\$1,368
3	\$1,562
4	\$1,722

*Lower rents may be available, depending on eligibility. Rents may also adjust upon finalizing utility allowances

Refundable Security Deposits will be based on information obtained during the screening process. All applications will be taken on a first come, first-served basis. Application fees are payable by check or money order. Applicants will be screened, with a non-refundable fee of \$45, on the basis of meeting income qualifications, previous rental, criminal and credit history. Minimum occupancy standards may apply.

Effective: 6/1/24

FOR INFORMATION CONTACT:

Cedar Park Apartments
 p 530.273.5010 | TTD 800.735.2929
 210 Sutton Way, Grass Valley, CA
www.cresapts.com/cedarpark
cedarpark@cresapts.com

PROFESSIONALLY MANAGED BY:

CAMBRIDGE
real estate services



EXHIBIT “H”



GLENBROOK apartments

Affordable Housing in Grass Valley California
One of the best communities Grass Valley
has to offer!

Section 8 Vouchers Accepted

FEATURING THESE AMMENITES

Spacious Floor Plans	Expansive Patios and Decks
Fully Appliance Kitchens	Onsite Community Center
Washer/Dryer Hookups	Beautifully landscaped Setting
Large Ample Closet Space	Convenient to Shopping
Large Playground	Onsite Maintenance

MAXIMUM HOUSEHOLD INCOME LIMITS

Number of Occupants	Maximum Annual Income
1	\$47,580
2	\$54,360
3	\$61,140
4	\$67,920
5	\$73,380
6	\$78,840
7	\$84,240

ANTICIPATED AFFORDABLE RENTAL RATES

Number of Bedrooms	Monthly Rent
2	\$1,368
3	\$1,562

*Lower rents may be available, depending on eligibility. Rents may also adjust upon finalizing utility allowances

Refundable Security Deposits will be based on information obtained during the screening process. All applications will be taken on a first come, first-served basis. Application fees are payable by check or money order. Applicants will be screened, with a non-refundable fee of \$45, on the basis of meeting income qualifications, previous rental, criminal and credit history. Minimum occupancy standards may apply.

Effective: 6/1/24

FOR INFORMATION CONTACT:

Glenbrook Apartments
Phone: 530.273.5540 | 800.735.2929 TDD
265 Sutton Way, Grass Valley, CA
www.cresapts.com/glenbrook
glenbrook@cresapts.com

PROFESSIONALLY MANAGED BY:

CAMBRIDGE
real estate services



EXHIBIT “I”



Oak Ridge apartments

Affordable Housing in Grass Valley

One of the best communities Grass Valley has to offer!

Section 8 vouchers accepted

FEATURING THESE AMENITIES

Spacious Floor Plans
 Abundant Closet Space
 Electric Range
 Cable and Phone Ready
 Frost-free Refrigerator
 Dishwasher

Basketball Court
 Fenced Tot Lots
 BBQ/Picnic Areas
 Community Center with
 Meeting Rooms & Kitchen
 Covered Parking
 Garages Available

MAXIMUM HOUSEHOLD INCOME LIMITS

Number of Occupants	Maximum Annual Income
1	\$47,580
2	\$54,360
3	\$61,140
4	\$67,920
5	\$73,380
6	\$78,840
7	\$84,240
8	\$89,700

ANTICIPATED AFFORDABLE RENTAL RATES

Number of Bedrooms	Monthly Rent
2	\$1368*
3	\$1562*
4	\$1722*

*Depends on household income and availability of apartments.

Refundable Security Deposits will be based on information obtained during the screening process.

All applications will be taken on a first come, first-served basis. Application fees are payable by check or money order. Applicants will be screened, with a non-refundable fee of \$45, on the basis of meeting income qualifications, previous rental, criminal and credit history. Minimum occupancy standards may apply. **Effective 04/01/2024**

FOR INFORMATION CONTACT:

Oak Ridge Apartments
 530.273.0996 or 800.735.2929 TDD
 228 Sutton Way, Grass Valley, CA
www.cresapts.com/oakridge
oakridge@cresapts.com



PROFESSIONALLY MANAGED BY:

CAMBRIDGE
real estate services



EXHIBIT “J”

Cedar Park Tax Credit Worksheet

Tax Credit Calculation Worksheet

Effective

June 1, 2024

Property Details:

Allocation Year:	Not on 8609	Funding Sources:	Programs:
Placed in Service (PIS):	05/26/2004	LIHTC Investor	LIHTC All units (one exempt staff unit)
Demographics:	Family	State Agency	17 units - 50%
Developer/GP/Owner:	Oregon Investors VIII LP, A OR LP	City Funds	63 units - 60%
Partnership Name:	Cascade Housing Association	County Funds	HOME 5 - 2bdrm (Low HOME)
Minimum Occupancy:	2-bed / 2 occupants 3-bed / 4 occupants (HOME only)	Social Service Requirements:	2 - 3bdrm (Low HOME)
Minimum Lease Term:	12 Months (HOME)		1 - 4bdrm (Low HOME)
			CalHFA 17 units (50% set-aside)

Building Details:

Building	Numbers	Style	Qty	BINs
1	101-102, 201-202	2bd	4	CA-2002-854-01
2	103-106, 203-206	2bd, 3bd	8	CA-2002-854-02
3	107-108, 207-208	4bd	4	CA-2002-854-03
4	109-112, 209-212	2bd, 3bd	8	CA-2002-854-04
5	113-114-, 213-214	4bd	4	CA-2002-854-05
6	115-116, 215-216	3bd	4	CA-2002-854-06
7	117-119, 218-219	2bd	5	CA-2002-854-07
8	120-123, 220-223	2bd	8	CA-2002-854-08
9	124-127, 224-227	2bd, 3bd	8	CA-2002-854-09
10	128-129, 228-229	4bd	4	CA-2002-854-10
11	130-133, 230-233	2bd, 3bd	8	CA-2002-854-11
12	134-137, 234-237	2bd, 3bd	8	CA-2002-854-12
13	138-139, 238-239	3bd	4	CA-2002-854-13
14	140-141, 240-241	3bd	4	CA-2002-854-14

		ADA Units	
Mobility		Sensory	
123	2bd		
111	2bd	111	2bd
103	3bd	103	2bd
119	2bd	119	2bd

Set-Aside Details

Size	Sq Ft	Staff	50%	60%	Total
2/1	830		6	31	37
3/2	1002	1	8	23	32
4/2	1257		3	9	12
Total		1	17	63	81

Income Limits

LIHTC Effective Date: 4/1/2024 Location: <https://www.huduser.gov/portal/datasets/mtsp.html>

Household Size	1	2	3	4	5	6	7	8
50%	\$ 39,650	\$ 45,300	\$50,950	\$56,600	\$61,150	\$65,700	\$70,200	\$74,750
60%	\$ 47,580	\$ 54,360	\$61,140	\$67,920	\$73,380	\$78,840	\$84,240	\$89,700

4-person 100% AMI

***Use the lower of the limits for HOME units

HOME Effective Date: 6/1/2024 Location: HOME Income Limits - HUD Exchange

Household Size	1	2	3	4	5	6	7	8
50%	\$ 36,500	\$ 41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800

Rent Limits

50% Low Income Tax Credits				LOW HOME			60% Low Income Tax Credits			
Size	Gross	UA	Net	Gross	UA	Net	Size	Gross	UA	Net
2/1	1273	-160	1113	1172	-160	1012	2/1	1528	-160	1368
3/1	1471	-204	1267	1355	-204	1151	3/1	1766	-204	1562
4/2	1642	-249	1393	1511	-249	1262	4/2	1971	-249	1722

***Use the lower of the Rents for HOME units

Utility Allowance Details

Utility Allowances Provided By: The Regional Housing Authority
 Effective Date: 11/1/2023
 Implemented Date: 2/1/2024

Type	Source	2-bed	3-bed	4-bed
Heat	Nat Gas	30	33	37
Cooking	Nat Gas	8	10	13
Other	Electric	80	104	129
A/C	A/C	30	39	47
Hot Water	Nat Gas	16	22	27
Other	Nat Gas	-4	-4	-4
Totals		160	204	249

Contact Details

Property Name Cedar Park
Address 210 Sutton Way
Address Grass Valley, CA 95945
Tel: 530-273-5010
Fax: 530-273-9490
Manager: Sonia Perez
Email: cedarpark@cesapts.com
Website:
Property Supervisor: Janeen Kallus

EXHIBIT “K”

Glenbrook Tax Credit Worksheet

Tax Credit Calculation Worksheet

Effective

June 1, 2024

Property Details:			
Allocation Year:	Not on 8609	Funding Sources:	Programs:
Placed in Service (PIS):	5/23/2005	LIHTC Investor	LIHTC all units (one exempt staff unit)
Demographics:	Family	State Agency CTCAC	11 units - 50%
Developer/GP/Owner:	Oregon Investors VII LP, A OR LP	City Funds City of Grass Valley HOME Funds	40 units - 60%
Partnership Name:	Cascade Housing Association	County Funds N/A	HOME 5 - 2brdm (Low HOME)
Minimum Occupancy:	2-bed / 2 occupants 3-bed / 4 occupants (HOME only)	Social Service Requirements: N/A	5 - 2brdm (High HOME)
Minimum Lease Term:	12 Months (HOME)		6 - 3brdm (Low HOME)
			4 - 3brdm (High HOME)
			CalHFA 11 units (50% Set-aside)

Building Details:

Building	Numbers	Style	Qty	BINs
1	211-212, 221-222	3bd	4	CA-03-80101
2	311-312, 321-323	3bd	4	CA-03-80102
3	511-514, 521-524	2bd	8	CA-03-80103
4	411-414, 421-424	2bd, 3bd	8	CA-03-80104
5	611-612, 621-622	3bd	4	CA-03-80105
6	711-714, 721-724, 731-73	2bd, 3bd	12	CA-03-80106
7	811-814, 821-824, 831-83	2bd, 3bd	12	CA-03-80107

ADA Units			
Mobility		Sensory	
211	3bd	211	3bd
512	2bd	512	2bd
713	2bd	713	2bd
812	2bd	812	2bd

Set-Aside Details

Size	Sq Ft	Staff	50%	60%	Total
2/1	830		5	19	24
3/2	1002	1	6	21	28
					0
Total		1	11	40	52

Income Limits

LIHTC Effective Date: 4/1/2024 **Location:** <https://www.huduser.gov/portal/datasets/mtsp.html>

Household Size	1	2	3	4	5	6	7	8
50%	\$39,650	\$45,300	\$50,950	\$56,600	\$61,150	\$65,700	\$70,200	\$74,750
60%	\$47,580	\$54,360	\$61,140	\$67,920	\$73,380	\$78,840	\$84,240	\$89,700

4-person 100% AMI

***Use the lower of the limits for HOME units

HOME Effective Date: 6/1/2024 **Location:** HOME Income Limits - HUD Exchange

Household Size	1	2	3	4	5	6	7	8
50%	\$36,500	\$41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800
60%	\$43,800	\$50,040	\$56,280	\$62,520	\$67,560	\$72,540	\$77,580	\$82,560

Rent Limits

50% Low Income Tax Credits				LOW HOME			60% Low Income Tax Credits				60% HOME		
Size	Gross	UA	Net	Gross	UA	Net	Size	Gross	UA	Net	Gross	UA	Net
2/1	1273	-160	1113	1172	-160	1012	2/1	1528	-160	1368	1406	-160	1246
3/2	1471	-204	1267	1355	-204	1151	3/2	1766	-204	1562	1626	-204	1422

***Use the lower of the Rents for HOME units

***Per HCD, High Home at Glenbrook must be calculated off the 60% Home Income Limits rather than using the HOME published HIGH HOME Rents

Utility Allowance Details

Utility Allowances Provided By: The Regional Housing Authority

Effective Date: 11/1/2023

Implemented Date: 2/1/2024

Type	Source	2-bed	3-bed
Heat	Nat Gas	30	33
Cooking	Nat Gas	8	10
Other	Electric	80	104
A/C	A/C	30	39
Hot Water	Nat Gas	16	22
Other	Nat Gas	-4	-4
Totals		160	204

Contact Details

Property Name Glenbrook
Address 265 Sutton Way
Address Grass Valley, CA 95945
Tel: 530-273-5010
Fax: 530-273-9490
Manager: Lorena Mackrill
Email: glenbrook@cresapts.com
Website:
Property Supervisor: Janeen Kallus

EXHIBIT “L”

Oak Ridge

Tax Credit Calculation Worksheet

EFFECTIVE: April 1, 2024

PROPERTY DETAILS:

Allocation Year: 1996 *The year the property was awarded LIHTCs
Placed in Service (PIS): 1/26/1999 *The first year qualified residents moved into the property
Demographics: Multifamily
Developer/GP/Owner:
Partnership Name: Oregon Investors V limited Partnership
Set-Aside Restrictions: Income/Rent at or below 60%; Avg. Affordability/Avg. Rents @ 45%
Minimum Occupancy: N/A
Minimum Lease Term: Six months (LIHTC requirement)

Funding Sources:
LIHTC Investor
 State Agency CTCAC #CA-1996-004
 City Funds n/a
 County Funds n/a
 Other n/a
 Other n/a
4 Person AMI \$ 104,200

Programs:
 LIHTC Extended Use

BUILDING DETAILS:

Building	Apartment Numbers	Style	Qty of Apts	BINs
1	A101 - A204	2BD, 3BD	8	CA-96-00401
2	B105 - B208	2BD, 3BD	8	CA-96-00402
3	C109 - C212	2BD, 3BD	8	CA-96-00403
4	D113 - D214	4BD	4	CA-96-00404
5	E15 - E216	4BD	4	CA-96-00405
6	F117 - F218	4BD	4	CA-96-00406
7	G121 - G224	2BD, 3BD	8	CA-96-00407
8	H125 - H228	2BD, 3BD	8	CA-96-00408
9	J119 - J220	4BD	4	CA-96-00409
10	K129 - K230	3BD	4	CA-96-00410
11	L131 - L232	3BD	4	CA-96-00411
12	M133 - M236	2BD, 3BD	8	CA-96-00412
13	N137 - N238	4BD	4	CA-96-00413
14	P139 - P240	4BD	4	CA-96-00414
Total:			80	

UNIT DETAILS:

Bed / Bath	Sq. Feet	Staff Apt	45% Units	Total Apts.
2 x 1	830	-	24	24
3 x 2	1,002	1	31	32
4 x 2	1,218	-	24	24
Total Quantity:		1	79	80

Mobility Adapted Dwellings: 102
Sensory Adapted Dwellings: N/A

INCOME LIMITS (BY HOUSEHOLD SIZE):

Area Median Income Effective Date: 4/1/2024 Nevada County Grass Valley CA

Hshld Size	1	2	3	4	5	6	7	8
45%	\$ 35,685	\$ 40,770	\$ 45,855	\$ 50,940	\$ 55,035	\$ 59,130	\$ 63,180	\$ 67,275
60%	\$ 47,580	\$ 54,360	\$ 61,140	\$ 67,920	\$ 73,380	\$ 78,840	\$ 84,240	\$ 89,700

Source: <http://www.huduser.org/datasets/misp.html>

MAXIMUM RENT LIMITS:

	45% of Area Median Income (AMI)		
	Max Rent	Utility Allow	Net Rent
2 x 1	\$ 1,146	\$ (160)	\$ 986
3 x 2	\$ 1,324	\$ (204)	\$ 1,120
4 x 2	\$ 1,478	\$ (249)	\$ 1,229

	60% of Area Median Income (AMI)		
	Max Rent	Utility Allow	Net Rent
2 x 1	\$ 1,528	\$ (160)	\$ 1,368
3 x 2	\$ 1,766	\$ (204)	\$ 1,562
4 x 2	\$ 1,971	\$ (249)	\$ 1,722

UTILITY ALLOWANCE DETAILS:

Utility Allowances Provided By:		Nevada County Housing Auth		
Effective Date:	11/1/2023			
Implement Date:	2/1/2024			
Use	Source	2 BD	3 BD	4 BD
Heat	Natural Gas	\$ 30	\$ 33	\$ 37
Cooking	Electricity	\$ 8	\$ 10	\$ 13
General	Electricity	\$ 80	\$ 104	\$ 129
A/C	Ref Air	\$ 30	\$ 39	\$ 47
Hot Water	Natural Gas	\$ 16	\$ 22	\$ 27
Other	Credit	\$ (4)	\$ (4)	\$ (4)
TOTAL:		\$ 160	\$ 204	\$ 249

California Climate Credit

For more information, please contact:

Oak Ridge
 228 Sutton Way
 Grass Valley, CA 95945

Tel: 530.273.0996

Fax: 530.273.0896

Manager: William Kilburn

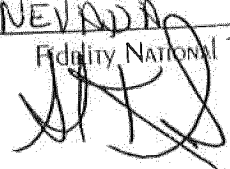
Email: okridge@cresapts.com

Property Supervisor: Janeen Kallus

Oak Ridge is a unique property which requires that the group of all units, at the time of move-in, have an average household income equal to 45% or less of Area Median Income (AMI). And, throughout the term of tenancy for all households, all rents at the property must also be at or below an average of 45% of AMI. Refer to Tax Credit Schedule prepared each month to verify these requirements are being met.

EXHIBIT “M & N”

FREE RECORDING REQUESTED)
 PURSUANT TO GOVERNMENT CODE)
 SECTION 27383)
)
 Recording requested by and)
 when recorded return to:)
)
 CALIFORNIA HOUSING FINANCE)
 AGENCY)
 Office of General Counsel)
 P.O. Box 4034)
 Sacramento, CA 95812-4034)

Certified to be a TRUE COPY of
 document recorded 12-17-04
 INSTRUMENT No. 2004-52614
 Book _____ Page _____
 NEVADA County Records
 Fidelity NATIONAL Title By _____


(Space above this line for Recorder's use)

CALIFORNIA HOUSING FINANCE AGENCY
REGULATORY AGREEMENT
CalHFA Development No. 02-027-N

This Regulatory Agreement (the "Agreement"), dated as of December 10, 2004 for informational purposes, is made and entered into by and between Oregon Investors VIII Limited Partnership, an Oregon limited partnership (the "Borrower"), and the California Housing Finance Agency (the "Agency"), a public instrumentality and a political subdivision of the State of California created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (the "Act"), Division 31 of the California Health and Safety Code.

RECITALS

A. The Borrower is the owner of the real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Property"), and has applied to the Agency for a loan (the "Loan") to finance a multifamily rental housing development (the "Development") pursuant to the provisions of the Act, particularly those provisions contained in Chapter 6.7 of the Act (the "Law"). The Development includes the Property, all improvements constructed on the Property and all funds or property, of whatsoever kind or nature, committed to the Development.

B. The Agency has issued tax-exempt bonds ("Bonds") pursuant to the Code and the Law to provide the financing for the Development.

C. In order to assure the Agency and its bondholders that interest on the bonds sold to finance the Loan (the "Bonds") will be excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and that the Bonds are "qualified bonds" within the meaning of Section 141 of the Code, and to be in compliance with the Code, and to satisfy the public purposes for

which the Bonds are authorized to be issued under the Code, certain limits on the use and occupancy Development and certain other requirements need to be established.

D. As an inducement to the Agency to make the Loan, the Borrower has agreed to enter into this Agreement and has consented thereby to be and to have the Development regulated and restricted by the Agency as provided herein and in the Act and in the rules, regulations, policies and procedures of the Agency promulgated thereunder, and as amended from time to time.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date of its execution and shall remain in full force and effect and shall apply to the Development until the latest of (i) the end of the Qualified Project Period, as defined below, (ii) payment in full of the Loan, or (iii) forty (40) years.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) "Closing Date" means the date on which the Note is delivered to or for the account of the Agency, and the Deed of Trust and this Agreement recorded in the official records of the County in which the Development is located.

(b) "Deed of Trust" means those certain deeds of trust entitled "California Housing Finance Agency Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 02-027-N (Permanent Financing)" and "California Housing Finance Agency Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 02-027-N (Bridge Financing)" which were executed by the Borrower, secure the Notes and this Agreement, and encumbers the Development. The term "Deed of Trust" may also include any other deed(s) of trust recorded against the Development which provide a security interest in such Development for the benefit of the Agency. It is intended that this Agreement shall be recorded ahead of and have priority over the Deed of Trust.

(c) "Distribution" means any withdrawal, taking or payment of any assets, earnings or income of the Development excluding payments for current Operating Expenses of the Development and repayment of Operating Expense Loans.

(d) "Gross Income" means all rents, charges, rental subsidies, fees and any other income of the Development, and without limitation, such income derived from commercial facilities of the Development, if any.

(e) "Loan" means the Agency's loan or loans to the Borrower as evidenced by the Note.

(f) "Loan Documents" means this Agreement, the Note and Deed of Trust, as defined herein, and any other document evidencing or securing the Loan.

(g) "Note" means collectively:

(i) that certain promissory note entitled "California Housing Finance Agency Promissory Note, CalHFA Development No. 02-027-N (Permanent Financing)" of the Borrower in the face amount of Five Million Six Hundred Thousand and No/100 Dollars (\$5,600,000.00); and

(ii) that certain promissory note entitled "California Housing Finance Agency Promissory Note, CalHFA Development No. 02-027-N (Bridge Loan – Annual Fixed Payment)" of the Borrower in the face amount of Two Hundred Thousand and No/100 Dollars (\$200,000.00).

(h) "Operating Expense" means all reasonable and proper expenses of the operation of the Development, including, but not limited to, debt service on subordinate debt approved by the Agency (as evidenced by the Agency's final form CHFA 3), insurance, real estate taxes, ordinary maintenance and repair, costs of marketing, Development management fees, fuel, utilities, garbage disposal, sewer charges, audit expenses, all sums due or currently required to be paid under the terms of the Note or Deed of Trust, Agency required impound, reserve and escrow deposits, reasonable attorneys fees incurred in actions to terminate tenancies, and such other payments as the Agency may require or specifically approve in writing as Operating Expenses. In no event shall attorney fees or litigation costs other than as stated, nor expenditures normally required to be paid out of the Replacement Reserve, be treated as Operating Expenses unless specifically approved in writing by the Agency. Nonrecurring expenses in excess of Five Thousand and No/100 Dollars (\$5,000.00) shall not be considered an approved Operating Expense unless specifically approved in writing by the Agency, which such approval shall not be unreasonably withheld.

(i) "Operating Expense Loan" means any loan by the Borrower or partner of the Borrower for the purpose of paying Operating Expenses of the Development. Operating Expense Loans may be repaid only with the approval of the Agency, which such approval shall not be unreasonably withheld and only after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development, including payments due under the Agency's Residual Receipts Loan, if applicable.

(j) "Qualified Project Period" means a period beginning on the later of the date of this Agreement or the first day on which ten percent (10%) of the units in the Development are occupied, and ending on the latest of (i) the date which is fifteen (15) years after the later of the date of this Agreement or the first date thereafter on which fifty percent (50%) of the units in the Development are first occupied, (ii) the date on which no tax-exempt "private activity bond," within the meaning of Section 141 of the Code, issued with respect to the Development is outstanding, or (iii) the date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates.

(k) "Qualified Tenants" means those tenants with special rights to occupy dwelling units in the Development as defined in Section 4(a) of this Agreement.

(l) "Residual Receipts" means that portion of Surplus Cash remaining at the end of the fiscal year after payment to the Borrower of Agency-approved Distribution.

(m) "Surplus Cash" means the balance of Gross Income of the Development remaining at the end of each fiscal year after payment of Operating Expenses, Agency-approved Operating Expense Loans, and reservation of cash required to meet current thirty (30) day obligations. For the purpose of computing Surplus Cash, Gross Income of the Development shall include any rent insurance proceeds, but shall exclude fire or other insurance proceeds, condemnation proceeds, and any security deposit which shall not have become the property of the Borrower free of the claim of any person claiming as or through the tenant having made such deposit.

(n) "Sustaining Occupancy" is deemed to have been achieved when, for at least three consecutive months, (i) at least ninety-five percent (95%) of the total number of units are occupied, and (ii) Gross Income equals or exceeds that projected on the mortgage application approved at final commitment.

3. Maintenance as Residential Rental Property. The Borrower shall not take any action, or permit any action to be taken, which would result in the Development not being, or (except as expressly approved in writing by the Agency) in any proceeds of the Loan being used to provide other than, "residential rental property" within the meaning of 26 U.S.C. Section 142(d) of the Code. To that end, the Borrower represents, warrants and agrees that:

(a) The Development is comprised of at least two dwelling units and facilities functionally related and subordinate to the dwelling units. The portion of the Development that constitutes residential rental property shall be determined in accordance with Treasury Regulation Section 1.103-8(b)(4) and shall consist of the residential units in the Development, all other property of the Development benefiting only such units and the allocable portion of the Property of the Development benefiting both such units and other portions of the Development, as provided by the Treasury Regulations.

(b) Each of the dwelling units in the Development shall be similarly constructed, and shall contain complete, separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family.

(c) Each of the dwelling units in the Development shall be available for rental to members of the general public. None of the dwelling units in the Development shall at any time be utilized on a transient basis, shall ever be leased or rented for a period of less than thirty (30) days, or shall ever be used other than for housing purposes. The Development shall not be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court for use on a transient basis.

(d) The Development consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development's facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the common ownership, management, accounting and operation of the Development.

(e) The Borrower shall not convert the Development to condominium or other individual unit ownership during the term of this Agreement. No part of the Development shall at any time be owned or used by a cooperative housing corporation except in compliance with the provisions of Section 143(k)(9) of the Code.

(f) If the Development comprises fewer than five (5) dwelling units, the Borrower shall not occupy any dwelling unit in the Development.

(g) All of the amounts advanced for the Development from the proceeds of the Loan shall be used to provide amounts paid or incurred on or after May 12, 2002 (sixty (60) days prior to the Agency's declaration of official intent to issue bonds) which are chargeable to the residential rental portion of the Development's capital account or would be so chargeable either with a proper election by the Borrower (for example under Section 266 of the Code) or but for a proper election by the Borrower to deduct such amounts. If any portion of a Development was acquired from or constructed by a Related Person of the respective Borrower (whether as a general contractor or a subcontractor), such costs include only the actual out-of-pocket costs incurred by such Related Person and not, for example, intercompany profits resulting from members of an affiliated group

(within the meaning of Section 1504 of the Code) participating in the construction of such Development payments received by such Related Person due to early completion of the Development (or any portion thereof). No proceeds of the Bonds will be spent on (1) leasing commissions, costs of advertising for any Development, or other costs related to the rental of units in any Development, (2) management fees for the management and operation of any Development after the completion date, or (3) interest allocable to any unit for any period after such unit is held available for rental. For purposes of this paragraph, "Related Person" shall mean a person with a relationship to a person such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code or (ii) such persons are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

(h) On the basis of the cost and economic life of each asset of the Development (under midpoint lives under the ADR System or guideline lives under Treasury Revenue Procedure 62-21, as the case may be), the weighted average estimated economic life of the Development exceeds the maturity of the Loan.

(i) No more than twenty-four and nine-tenths percent (24.9%) of the proceeds of any Loan may be used (directly or indirectly) for the acquisition of land (or an interest therein). The Borrower shall expend Loan proceeds for eligible costs in such amount as may be necessary to comply with the preceding sentence.

(j) The Borrower shall submit to the Secretary of the Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Development continues to meet the requirements of Section 142(d) of the Code.

(k) If loan proceeds are to be used for acquisition of an existing Development, an amount equal to at least fifteen percent (15%) of the acquisition cost of each building in the Development financed with proceeds of the Bonds shall be attributable to rehabilitation expenditures (as that term is defined in Section 147(d)(3) of the Code) with respect to such building which occupied within twenty-four (24) months after the later of the issuance of the Bonds or the date such building was acquired.

(l) If loan proceeds originally used to finance the Development are from qualified 501(c)(3) bonds, subsections (i) and (k) above are inapplicable, and the Borrower certifies the following:

(i) it has received an IRS determination that it qualifies as a 501(c)(3) corporation;

(ii) it will own and operate the Development in furtherance of its charitable purposes (as described in its application to the IRS for its 501(c)(3) determination) and not for pecuniary benefit;

(iii) the ownership and operation of the Development does not and will not in any respect or to any extent constitute an unrelated trade or business under Section 513(a) of the Code; and

(iv) it will maintain its existence as, and conduct its operations so as, to maintain qualification as an organization described in Section 501(c)(3) of the Code for the term of the Loan.

4. Tenant Income Limitations.

(a) For the term of this Agreement, at least twenty percent (20%) of the completed dwelling units in the Development shall be occupied or reserved for occupancy, on a continuous basis by individuals or

families whose income does not exceed fifty percent (50%) of area median income, as adjusted for family size pursuant to Section 142(d) of the Code, and who constitute very low income households within the meaning of Section 51335 of the Law (collectively, "Qualified Tenants"). In no event, shall the occupants of a unit be considered to be Qualified Tenants if all such occupants are students (as defined under Section 151(c)(4) of the Code), no one of whom is entitled to file a federal joint return under Section 6013 of the Code. Units so occupied shall be rented at rents (including an allowance for utilities) which shall not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of area median income, as published by the Department of Housing and Community Development or U.S. Department of Housing and Urban Development, with adjustments for household size. The Agency shall from time to time make available to the Borrower schedules of and any changes in the dollar amounts of the rent and income limitations contained in this Section 4.

Except as provided in Subsection 4(b) below, a dwelling unit occupied by an individual or family who at the commencement of the occupancy qualifies as a Qualified Tenant shall be treated as occupied by a Qualified Tenant, even if such individual or family during their tenancy in such unit ceases to so qualify. Moreover, if vacated, such unit shall be treated as occupied by a Qualified Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(b) No resident of a dwelling unit in the Development shall be denied continued occupancy because, after admission, the resident's family income increases (or family size decreases) so as to cause the family income to exceed the maximum income level for a Qualified Tenant. However, if a resident's family income increases (or family size decreases) so as to cause the family income to exceed one hundred forty percent (140%) of the applicable income limit, the Borrower shall ensure that the percentage requirements of this Section shall continue to be met by providing the next available unit or units to Qualified Tenants or by taking other actions to satisfy the percentage requirements of this Section. In determining whether such percentage requirements have been achieved, such requirements shall be complied with on June 30 of each year after any dwelling units in the Development are occupied.

(c) On a form approved by the Agency, the Borrower shall obtain a third party certification of income from each prospective tenant of a dwelling unit designated for rental by a Qualified Tenant prior to admission to the Development. An annual certification shall also be obtained from each tenant of a dwelling unit designated for rental by a Qualified Tenant on or about June 30 of each year. Copies of such certifications shall be sent to the Agency, shall be retained in the Borrower's files for a period of three (3) years and shall be available for inspection by the Agency or its agents upon request.

(d) On or before August 15th of each year the Borrower shall file with the Agency a report on a form approved by the Agency specifying the total number of dwelling units in the Development and the number of units occupied by Qualified Tenants as of June 30th of such year.

5. Agency Financing and Rental Requirements. In addition to the requirements of Sections 3 and 4, the Borrower covenants that:

(a) Unless otherwise approved by the Agency, rental charges to Qualified Tenants shall include all utilities except telephone and cable television; provided however, that where the Agency approves direct payment of utilities (in addition to telephone) by such tenants, such rental charges shall be calculated as if the estimated expense of such utilities were to be paid by the Borrower, but the amounts actually collected from such tenants shall be decreased by the estimated expense of such utilities approved by the Agency.

(b) The Borrower shall require every tenant in the Development to execute a lease in a form which may be subject to approval by the Agency and shall not lease any dwelling unit in the Development for less than thirty (30) days nor more than two (2) years. The form of lease shall provide for eviction procedures conforming to California law.

(c) The Borrower shall not discriminate against tenants or applicants who are recipients of federal rent subsidies pursuant to Section 8 of the United States Housing Act of 1937, as amended, or any successor subsidy program.

(d) Utilization of the commercial facilities of the Development, if any, shall be compatible with the residential uses of the Development. Any commercial tenants, improvements and lease provisions must be approved by the Agency. The Agency shall have the right to require existing and future commercial tenants to enter into nondisturbance and attornment agreements on commercially reasonable terms. The Borrower and each commercial tenant agree to do any acts and execute any documents necessary to effectuate the Agency's rights in this regard.

(e) The Borrower agrees to make available any and all units of the Development for the purposes of physical inspection by Agency personnel upon prior notice and in accordance with Agency policies and procedures. In addition, Borrower shall require that its managing agent inspect each unit at least on an annual basis.

(f) The Borrower shall not permit any interest to be charged nor to accrue on any advances to the Development from the Borrower or any affiliate of the Borrower except upon the following conditions: (1) prior written notice of such advance and the terms thereof shall be given to the Agency; (2) interest shall be limited to the rate on the Note; (3) the amount of such advance shall be no greater than necessary to pay current expenses; and (4) such advances shall be repaid after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development and prior to any Distributions from the Development. Failure of any of these conditions shall render the party making the advance liable to refund and/or forfeit all interest paid or due and shall be an event of default pursuant to this Agreement.

(g) The dwelling units to be occupied by, or reserved for occupancy by, Qualified Tenants shall be of comparable quality to all other dwelling units, shall be dispersed throughout the Development, and shall be in size and type available in the same percentages as the sizes and types of all other dwelling units.

(h) The Borrower represents and warrants that at all times its acts in connection with the Development have complied with and shall continue to comply with all applicable provisions of federal, state and local laws, all applicable provisions of the Act, the rules, regulations, policies and procedures of the Agency and all agreements with the Agency and any other public entities concerning the Development as amended from time to time. The Borrower represents to the Agency that professional advice is available to the Borrower for the purpose of enabling the Borrower to be aware of and to comply with said laws, policies, procedures and agreements. The Borrower agrees to indemnify the Agency against any loss incurred by the Agency as a result of the Borrower's failure to comply therewith.

Specifically, the Borrower acknowledges the existence of federal, state and local laws regarding handicapped accessibility and the relocation of persons displaced by the Development. The Borrower agrees that the Borrower, and not the Agency, is responsible for complying with such laws.

(i) Throughout the term of this Agreement, the Borrower shall seek, and if offered, accept or renew, all Section 8 Housing Assistance Payment Contracts, vouchers or equivalent, based on subsidies at rent levels equal to, or higher than those existing at the Closing Date. All payments to Borrower pursuant to any such contract or contracts are hereby assigned to the Agency for the duration of this Agreement. Borrower hereby grants to the Agency a security interest in all such payments.

6. Establishment and Use of Reserve Funds. The Borrower shall establish and maintain the following reserve and escrow accounts. Unless otherwise specified herein or approved by the Agency, in its sole discretion, such accounts (i) shall be established on or before the Closing Date, (ii) shall be funded with cash, (iii) shall be under the control of the Agency at all times, (iv) may be invested by the Agency provided that income earned on such funds (minus 1% per annum of the principal balance of the account, but only to the extent there are earnings, which may be retained by the Agency as an administrative fee) shall accrue to the account, (v) shall be used for the prescribed purposes, and (vi) shall have any remaining balance, upon the Agency's termination of the requirement for the particular reserve account, returned to the Borrower. Borrower agrees that any conveyance or transfer, voluntary or involuntary, of its interest in the Development shall have the effect of transferring to the successor-in-interest all of Borrower's interest in and all of its rights to, if any, the reserve and escrow funds without further act of the Borrower, and in refunding all or any part of the reserve and escrow funds, the Agency may deal with whoever is the record owner of the property at the time of termination. Borrower agrees that the Agency is granted a security interest in all required reserve and escrow funds which are intended to benefit the Development. Borrower hereby appoints the Agency, during the term of this Agreement, as its attorney-in-fact, to substitute any new owner of the Property or Development, or the Agency itself, as signatory of the reserve and escrow accounts, in the place of Borrower.

(a) Operating Expense Reserve. An Operating Expense Reserve (the "OER") shall be established and maintained from sources other than Gross Income in the amount of Seventy-Nine Thousand Five Hundred Ninety-Four and No/100 Dollars (\$79,594.00), until such time as two (2) full consecutive Development fiscal years have passed in which the audited annual financial statement accepted by the Agency shows that Gross Income is sufficient to meet all Operating Expenses. The OER shall be funded on a one-time-only basis and, if drawn down, need not be replenished. The OER shall be used to fund any Operating Expenses not covered by Gross Income, the MA, or the RUA.

(b) Replacement Reserve. A Replacement Reserve (the "RR") shall be established and maintained until the termination of this Agreement. The RR shall be funded by deposits in the amount of Two Thousand One Hundred Ninety-Three Dollars and seventy-five cents (\$2,193.75) per month, due on the first day of each and every month commencing with the first payment due on the Note. The Agency may adjust, at any time, the amount of the monthly payments to be made into the RR as necessary to, in its sole discretion, keep pace with increases in the costs of replacing structural elements and equipment of the Development. The RR shall be used upon the Agency's written approval to replace major structural elements or equipment of the Development or for any other purpose consistent with maintaining the financial and physical integrity of the Development. Borrower agrees to make arrangements for a physical needs assessment and an evaluation, by an independent party acceptable to the Agency of current and future maintenance requirements of the Development. This physical needs assessment and maintenance evaluation shall occur upon the Agency's request and shall be forwarded to the Agency for review. The costs of such assessment and evaluation shall be an obligation of the Borrower.

(c) Construction Defect Security. On or before the Closing Date, the Agency shall be provided with a cash deposit or letter of credit, as approved by the Agency (the "Construction Defect Security" or "CDS"), in the amount of One Hundred Fifty Thousand Thirty-Four and No/100 Dollars (\$150,034.00) (2.5% of the construction contract amount as of the date of completion) or such greater amount as may, in the sole discretion of the Agency, be necessary to adequately secure the Agency and Development against construction defects. The term "construction defect" as used herein shall mean all construction related physical problems including but not limited to deviations from the approved final plans and specifications for the Development. Such CDS shall be kept in effect and one (1) year from the date of Permanent Loan Closing and may be used or set aside for the correction of construction defects or related damages which appear during such period and which are not corrected by the contractor or the Borrower within a reasonable time following the demand by the Agency for such correction. The date specified herein may be extended if payment of construction defect repairs will be paid after that date, or if there is an ongoing dispute regarding construction defects not yet repaired to the satisfaction of the Agency.

(f) Additional Escrows and Accounts. In addition to the OER, RR, and CDS, the Agency may, prior to the Closing Date, require the establishment and maintenance of other reserve and/or escrow accounts as necessary to create reserves which, in the sole discretion of the Agency, are necessary or proper to ensure the feasibility of the Development.

7. Application of Funds if Default. In the event of a default under this Agreement, or any of the other Loan Documents, the Agency in its sole discretion may apply or authorize the application of the funds in any of the accounts provided for in Section 6, to any amounts then due under this Agreement or the other Loan Documents, or use such funds for the continued operation of the Development provided, however, that if the default is cured, all funds shall be returned to the appropriate account.

8. Non-Discrimination and Equal Opportunity. Occupancy of the Development shall be open to all regardless of race, sex, sexual orientation, marital status, familial status, age (except for senior citizen housing pursuant to California and Federal law), color, religion, disability, source of income, national origin or ancestry. The Borrower shall require that its officers, agents, employees, management agent, contractors, subcontractors, and employees associated with the Development provide equal opportunity for employment and that they shall not engage in any unlawful discriminatory conduct. In addition, the Borrower agrees to conduct its own affirmative marketing programs as approved by the Agency.

9. Qualified Tenant's Rental Limits Increase Procedure.

(a) The Agency will, from time to time, revise the maximum rental limits applicable to dwelling units reserved for Qualified Tenants by a percentage equal to any percentage change in county median income. Until such time as the Agency mails a notice of such change of rent limits to the Borrower (or such change is posted on the Agency's website), the previously existing charges shall apply.

(b) Upon receipt of new rental limit schedules, the Borrower may increase, and shall, if necessary, decrease the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that, no Qualified Tenant shall have a rent increase sooner than one (1) year after initial occupancy, and provided further, no Qualified Tenant shall have an annual rent increase in excess of the percentage increase in the county median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year-to-year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

10. Financial Covenants. In addition to, but not by way of limitation of, all other duties of the Borrower set forth herein, the Borrower shall comply with the following:

(a) Audit. The Development and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination, inspection and copying at any reasonable time by the Agency or by its authorized representative upon reasonable notice to Borrower.

(b) Books and Records. The books and records of the Development shall be kept by the Borrower in accordance with the requirements of the Agency.

(c) Financial Reporting.

(i) Within sixty (60) days following the end of each fiscal year of the Development, the Agency shall be furnished by the Borrower with a complete annual financial report on the Development based upon an examination of the books and records of the Development, prepared in accordance with the requirements of the Agency, and certified by the Borrower, and at the Borrower's expense, by an independent certified public accountant licensed in California and acceptable to the Agency. Each such financial report shall be subject to the approval of the Agency and when approved by the Agency shall be a "Development Financial Report" as referred to herein;

(ii) Within twenty (20) days following the end of each month, the Agency shall be furnished by the Borrower with a complete monthly financial report. The monthly financial report must include a detailed accounting of, without limitation, all income and expenses, accounts receivable, accounts payable and disbursements received or made in the month reported.

(d) Furnishing Information. At the request of the Agency, the Borrower shall furnish such reports, financial statements, projections and analyses as may be required from time to time by the Agency and shall give specific answers to questions upon which information is desired relative to the income, expenses, assets, liabilities, contracts, operations and conditions of the Borrower and the Development. Borrower understands and agrees that the content of such reports, statements, projections, analyses and other information may be disclosed in any documentation prepared in connection with the issuance by the Agency of its Bonds and may otherwise be publicly disclosed in accordance with state and federal law.

(e) Development Account.

(1) The Borrower shall establish an account (the "Development Account") with a depository, which is insured by the Federal Deposit Insurance Corporation ("FDIC") or by a successor in interest to FDIC into which all Gross Income of the Development shall be deposited when received. The Borrower or any person receiving funds and tenant security deposits of the Development other than as permitted by this Agreement shall immediately deposit such funds in the Development Account and failing to do so shall hold such funds in trust for the Development. The Borrower or any person receiving any property of the Development in violation of this Agreement shall immediately deliver such property to the Agency, and failing to do so shall hold such property in trust for the Development. Reserves, deposits, rents, charges, fees and any other deposits and/or income of the Development as used herein shall also include, without limitation, such income derived from commercial facilities of the Development, if any.

(2) Agency shall have a first priority security interest in the Development Account, and Borrower hereby grants Agency a security interest in the Development Account. Immediately upon establishing the Development Account, Borrower shall notify the Agency of the identity of the depository, the branch where the account is established and the account number. The depository shall be required to execute a deposit account control agreement within the meaning of Article 9 of the California Uniform Commercial Code ("Control Agreement"), in a form acceptable to the Agency, to perfect the Agency's security interest in such account. Agency shall be entitled to exercise its rights under the Control Agreement upon Borrower's default, as determined by the Agency in its sole discretion, under the Loan Documents. However, the Agency shall not be obligated to give the Borrower the advance notice of default required by Section 16 of this Agreement prior to giving the depository the written "Notice of Exclusive Control" provided for in the Control Agreement.

(3) Borrower may not transfer the Development Account to another depository without the prior written consent of the Agency, which consent, if granted in the agency's sole discretion, shall be conditioned upon the new depository executing a Control Agreement.

(4) Disbursements from the Development Account shall be permitted only to administer security deposits and to pay Operating Expenses and permitted Distributions.

(5) The Borrower shall maintain security deposits in accordance with applicable law.

(f) Annual Operating Budget. The Borrower shall submit to the Agency a proposed operating budget for the Development not later than sixty (60) days prior to the beginning of each fiscal year of the Development. The proposed operating budget shall set forth the anticipated Gross Income of the Development and a detailed estimate of all Operating Expenses thereof, which shall include an itemization of administration expenses, maintenance expenses, cost of utilities, hazard insurance, earthquake insurance, taxes and assessments, Loan principal and interest, deposits to all funds, reserves or accounts required by the Agency and/or established by the Borrower. The budget shall be in a form satisfactory to the Agency and shall otherwise be consistent with the requirements of this Agreement. Upon approval by the Agency, such proposed operating budget shall be the operating budget for the ensuing fiscal year.

11. Development Management.

(a) The Borrower shall provide for the management of the Development in a manner satisfactory to the Agency, shall employ a bonded and licensed management agent, develop a management plan, and use a management agreement acceptable to the Agency. A fidelity bond shall be maintained in an amount equal to one month's gross rent and shall insure the Borrower and the Agency against misapplication of Development Funds. **All management agreements shall include a copy of this Agreement, which shall be incorporated therein, and made a part of the contract.** The management agreement shall be structured so that it is subject to termination with or without cause by the Borrower or the Agency, and without penalty, upon not less than thirty (30) days prior written to the management agent. Any liability associated with the termination of the management contract shall be the sole obligation of the Borrower. Upon notice of termination, the Borrower agrees to make immediate alternative arrangements, satisfactory to the Agency, for the continued management of the Development. In the event that the Borrower shall fail to make such alternative arrangements for a substitute managing agent within a reasonable time (which in no event shall exceed sixty (60) days from the date of the sending of the termination notice), the Agency shall have the unilateral right to make such alternative

arrangements. The amount of the management agent's compensation shall be subject to approval by the Agency, which shall not be unreasonably withheld.

(b) The Borrower shall require that a Resident Selection/Affirmative Fair Housing Marketing Plan ("Plan") be prepared and maintained in cooperation with the managing agent. This Plan shall be subject to the approval of the Agency. In carrying out this Plan, the Borrower/management agent shall:

- (1) Lease no less than twenty percent (20%) of the total units of all sizes and types to Qualified Tenants;
- (2) Give preference to the applicants in the following order:
 - (i) persons displaced by:
 - a. natural disaster,
 - b. construction of this Development,
 - c. other public action,
 - d. other causes, provided that such displacement shall be certified in writing by a government agency, and
 - (ii) all other applicants;
- (3) Begin marketing of the Development at least ninety (90) days prior to the availability of the units for occupancy;
- (4) Assure that all advertising, (including letterheads, brochures and media advertising, shall include "Equal Housing Opportunity" and the "handicapped" logo. Further, if advertisements contain human models, a mix of minority and non-minority models are to be used to reflect the open housing philosophy. No preference for any economic status or lifestyle shall be depicted;
- (5) Where a significant number of persons in the community have limited fluency in the English language, provide publications, information, brochures and leases in the native language of such persons; "Significant number of persons" is deemed to be at least twenty-five percent (25%);
- (6) Develop and maintain a policy and procedure for the selection and rejection of applicants, and a grievance and eviction policy and procedure for tenants of the Development;
- (7) Assure that tenant selection is carried out without favoritism or partiality and that no preference is given to any applicant other than as provided herein;
- (8) Give each tenant selected, at the time of acceptance, a written copy of the tenant eviction and grievance procedures for the Development and all amendments thereto; and

(9) Where necessary, conduct such additional marketing as reasonably required to fulfill affirmative marketing goals and meet other goals of the Plan.

12. Certain Acts Prohibited. The Borrower shall not, without the prior written approval of the Agency, do any of the following. The granting of the Agency's approval shall be in its sole, unfettered discretion and may be conditioned upon the satisfaction of such terms and conditions as the Agency may prescribe.

(a) Make any sale, assignment, conveyance or transfer in any other form of the Development or any part thereof or of any of its interest therein, whether voluntarily or involuntarily, or by operation of law.

(i) A transfer by the Borrower in whole or in part, or a transfer by a party having a substantial interest in said Borrower, or transfers by more than one party of interests aggregating a substantial interest in said Borrower, or any other similarly significant change in the ownership of interests in the Borrower, or in the relative distribution thereof, or with respect to the parties in control of the Borrower or the degree thereof, by any other method or means (e.g., increased capitalization, merger with another corporation or other entity, corporate or other amendments, issuance of new or additional ownership interests or classification of ownership interests or otherwise) shall be deemed an assignment, conveyance, or transfer for purposes of this subsection. An assignment by the Borrower to a limited partnership, in which no limited partner has a 25 percent or more interest and of which the Borrower is the sole general partner, shall not be considered an assignment, conveyance, or transfer.

(ii) The term "substantial interest" means the interest of any general partner, any limited partner having a 25 percent or more interest in the organization, any corporate officer or director, and any stockholder having a 10 percent or more interest in the organization.

(b) Make any Distribution not permitted by the terms of this Agreement,

(c) Assign or transfer any right to manage the Development.

(d) Materially remodel, add to, reconstruct, demolish or damage any part of the Development.

(e) Require, as a condition of the occupancy or leasing of any dwelling unit in the Development to Qualified Tenant, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one (1) month's rent to guarantee the performance of the covenants of the lease.

(f) Incur any liability or obligation in connection with the Development, contingent or otherwise, other than for current Operating Expenses and for the indebtedness evidenced by the Note, or incur any liability or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Development.

(g) Invest any funds from the Development in any property, real, personal, or mixed, except as authorized by this Agreement, or deposited any such funds in a depository not authorized by this Agreement; or

(h) Make a loan of any funds from the Development to any person or entity; or

- (i) Fail to establish or maintain the accounts required by Section 6 of this Agreement.
- (j) Cause or permit the Development to be maintained in a condition which the Agency deems, in its sole discretion, as an impairment of its security interest, or a violation of the Borrower's obligation to maintain the Development in a safe, sanitary and decent condition.
- (k) If the Development receives Section 8 assistance, cause or permits the loss of Section 8 units under the Housing Assistance Payment Contract ("HAPC"), or failure to apply for or accept and extension of the HAPC.

13. Distributions.

(a) The Borrower shall be entitled to an annual Distribution of Surplus Cash. The Agency shall make an annual review of the Development Financial Report which shall be prepared in accordance with the Agency's Property Management Manual as amended from time to time, and determine whether a Distribution should be approved.

(b) If the debt service schedule of the Note is not payable from Surplus Cash or Residual Receipts, from time to time during the fiscal year, upon Agency approval, the Borrower may take advances on its reasonably expected annual distribution for the fiscal year. Such advances shall only be taken if there are no undisputed accounts payable older than thirty (30) days and there are sufficient funds to pay anticipated Operating Expenses coming due within the next thirty (30) days. The amount distributed shall not, in the aggregate, exceed the amount of the reasonably expected annual Distribution for the fiscal year. Such advances shall be reconciled to the monthly financials and the Development Financial Report for the fiscal year and, to the extent they exceed the approved annual Distribution, shall be refunded to the Development Account upon immediate demand by the Agency.

(c) If any debt service payable to the Agency derives from Surplus Cash or Residual Receipts, the Borrower shall not be entitled to advances of Distributions as discussed in subsection (b). All Distributions shall be taken annually and only after the Agency's prior written approval.

(d) Except as provided in subsection (b), no Distribution shall be taken, made, received or retained by the Borrower or any other persons or entity without the prior written approval of the Agency. The Agency shall not unreasonably withhold its approval of a Distribution request. Notwithstanding the foregoing, the Agency shall not be required to approve Distributions to be made from borrowed funds, or to be made while there is any violation or default under the terms of this Agreement or any of the other Loan Documents.

(e) The proceeds of any unapproved Distribution, while retained, shall be held by the recipient as trustee for the Development and shall be immediately refunded to the Development upon demand. The recipient of an unapproved Distribution shall be obligated to pay interest thereon to the Development at the rate of the Note for the period that the Distribution is retained by the recipient.

14. Actions. The Borrower agrees to notify the Agency promptly in writing of any action or proceeding by or against the Development or by or against the Borrower with respect to the Development. No action or proceeding seeking the recovery of a sum in excess of Ten Thousand and No/100 Dollars (\$10,000.00) or for specific performance or other equitable relief shall be instituted by the Borrower with respect to the Development, nor shall any action or proceeding seeking the recovery from the Development, or from the

Borrower with respect of the Development, of a sum in excess of Ten Thousand and No/100 Dollars (\$10,000.00) or for specific performance or other equitable relief against the Development, or against the Borrower in respect of the Development, be settled or compromised by the Borrower, without the prior approval of the Agency. Any such approval may be subject to such terms and conditions as the Agency, may prescribe.

15. Assignment of Rents for Security. As security for the performance of the Borrower of all its obligations under this Agreement, the Borrower hereby assigns and pledges to the Agency all of the Borrower's right, title and interest in and to the rents, profits, income and charges of whatsoever kind or nature which it may receive or be entitled to receive from the operation of the Development, subject, however, to any assignment of rents or like provision contained in the Deed of Trust or in any of the other Loan Documents; provided, however, that unless and until a default under this Agreement is declared by the Agency or a default or event of default shall have occurred under any of the other Loan Documents, the Borrower shall be permitted to collect and retain such rents, profits, income and charges, subject to the provisions of this Agreement.

16. Violation of Agreement by the Borrower. In the event of the violation of any of the provisions of this Agreement by the Borrower, the Agency shall give written notice thereof to the Borrower by registered or certified mail addressed to the Borrower at the address stated in this Agreement, or to such other address as may have been designated by the Borrower in writing, and if such violation is not corrected to the satisfaction of the Agency within thirty (30) days after the date such notice is mailed (or within such further time as the Agency in its sole discretion may permit), the Agency may without further prior notice declare in writing a default under this Agreement effective on the date of such declaration of default, and upon any such declaration of default, or, irrespective of any such declaration of default, upon the occurrence of a default or event of default under any of the other Loan Documents, the Agency may:

(a) Declare the whole of the principal amount of the indebtedness evidenced by the Note immediately due and payable and proceed with the rights and remedies provided for in the Loan Documents.

(b) Collect all rents, rental subsidies, profits, income and charges in connection with the operation of the Development and use same or the proceeds thereof, in such order as the Agency may determine, toward satisfaction of the Borrower's obligations under this Agreement or any of the Loan Documents; and toward payment of the necessary expenses of preserving and operating the Development.

(c) Take possession of the Development, bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Development, and operate the Development in accordance with the terms of this Agreement until such time as the Agency, in its sole discretion, shall determine that the Borrower is again in a position to operate the Development in accordance with the terms of this Agreement and in compliance with the requirements of any of the other Loan Documents.

(d) Apply to any court, state or federal, for specific performance of this Agreement; for an injunction against any violation by the Borrower of this Agreement; for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement; or for such other relief as may be appropriate, it being agreed by the Borrower that the injury to the Agency arising from the default under any of the terms of this Agreement would be irreparable and that it would be extremely difficult to ascertain the amount of compensation to the Agency which would afford adequate relief.

(e) In addition, if and to the extent necessary to correct any such default, the Borrower hereby grants to the Agency the option to lease, from time to time, units in the Development for a rental of one dollar

(\$1.00) per unit per year for the purpose of subleasing such units to comply with Sections 3 and 4 of this Agreement. Any rents received by the Agency under any such sublease shall be paid to the Borrower after the Agency has been reimbursed for any expenses incurred in connection with such sublease, provided, that if the Borrower is in default under the Loan, such rental shall be used to make payments of Loan principal and interest or otherwise to cure such defaults.

17. Interest Charges. In the event that the Borrower fails to make timely payment of any money provided for in this Agreement, then such payment obligation shall be increased to include interest at the rate of the lesser of ten percent (10%) simple interest per annum or the maximum rate permitted by law.

18. Action by the Agency. Except as may be otherwise specifically provided herein, whenever any approval, notice direction, consent, request or other action by the Agency is required or permitted under this Agreement such approval, notice direction, consent, request or other action shall be in writing.

19. Integration and Amendments. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Agency in writing.

20. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

21. Binding on Successors. This Agreement shall bind, and the benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors and assigns; provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior approval of the Agency. Except as expressly provided herein, this Agreement shall be for the exclusive benefit of the parties hereto and shall not confer any rights upon any third party. In the event the Borrower transfers title, possession or control of the Development to a third party, the Borrower covenants to require as a condition of transfer that such third party agrees to be bound by and to operate the Development in accordance with this Agreement. The Agency is deemed to be the beneficiary of such conditions and agreements with the right to enforce them against any such third party.

22. Recordation. This Agreement shall be acknowledged by each of the parties and recorded in the official records of the county in which the Development is located.

23. Election of Remedies; Events of Default. The remedies of the Agency hereunder and under the other Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

24. Waiver by Agency. No waiver by the Agency of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereof or default hereunder.

25. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

26. Legal Notices. Written notices pursuant to Section 16 of this Agreement by and between the parties hereto shall be addressed as follows unless and until a party hereto has, in writing, communicated a different address to the other party hereto, provided, for notices other than to Borrower, CalHFA shall use its best efforts, and provided further that no legal consequences shall arise by reason of CalHFA's failure to give notice to:

Borrower: Oregon Investors VIII Limited Partnership
c/o Cascade Housing Association
87460 Cedar Flat Road
Springfield, OR 97478
Attn: Kelly Williams

Limited Partner: Peoples Benefit Life Insurance Company
c/o AEGON USA Realty Advisors, Inc.
4333 Edgewood Road, N.E.
Cedar Rapids, IA 52499
Attn: Michael Sheehy, Counsel

Special Limited Partner: Transamerica Affordable Housing, Inc.
c/o AEGON USA Realty Advisors, Inc.
600 Montgomery Street, 16th Floor
San Francisco, CA 94111
Attn: David W. Kunhardt

Agency: Office of the General Counsel
California Housing Finance Agency
P.O. Box 4034
Sacramento, California 95812-4034

27. Attorney Fees, Costs. In any nonjudicial foreclosure process, or action to enforce or relating to any provision of the Loan Documents, the prevailing party shall be entitled to recover from the other party, its costs and expenses. The term "costs and expenses" as used herein shall include all costs and expenses actually and reasonably incurred including but not limited to attorney's fees; filing, motion, and jury fees; juror food and lodging; taping, videotaping, and transcribing depositions and travel expenses to attend depositions; service of process by a public officer, registered process server, or other means; expenses of attachment including keeper's fees; premiums on surety bonds; ordinary witness fees pursuant to Section 68093 of the California Government Code; fees of expert witnesses whether or not ordered by the court; transcripts of court proceedings whether or not ordered by the court; court reporters fees as established by statute; investigation expenses in preparing the case for trial; postage telephone, and photocopying charges; costs in investigation of jurors or in preparation for voir dire; models, blowups and photocopies of exhibits, and any other item that is required to be awarded to the prevailing party pursuant to statute as an incident to prevailing in the action at trial or on appeal. Such costs and expenses shall be recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

28. No Conflict With Other Documents. The Borrower warrants that it has not, and shall not, execute any other agreement with provisions contradictory to the provisions hereof, and that, in any event, the

requirements of this Agreement shall be paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

29. Agency Insurance Requirements. The Borrower shall maintain insurance on the Development in substantial conformance with the requirements of the Agency as amended from time to time. As of the date of this Agreement, the Agency's requirements are set forth in that certain "Insurance Requirements For California Housing Finance Agency Developments" attached hereto as **Exhibit B** and incorporated herein by this reference.

30. Maintenance. The Borrower shall maintain the Development in a decent, safe and sanitary condition and in a good state of repair as determined by the Agency in its sole discretion.

31. Indemnification. The Borrower shall indemnify, defend (with counsel reasonably chosen by the Agency, at the Agency's option), and hold the Agency, and its employees, officers, agents, and board members harmless against all claims which arise out of or in connection with the ownership or occupancy of or construction on or in connection with the Development (including, without limitation, rehabilitation) by the Borrower or the Borrower's contractors, subcontractors, agents, employees, or tenants. This section shall survive the termination of this Agreement.

32. Environmental Covenants. The Borrower represents and warrants that after reasonable investigation and inquiry, and except as indicated in the Phase I environmental report submitted to the Agency, as of the closing date it has no knowledge of any hazardous substance or environmental condition on or within two thousand (2,000) feet of the Development which may adversely impact the security of the Loan, or which may render the Development financially infeasible, or which may affect the health and safety of the occupants, the Development, or which may present an undue risk of liability to the Agency. The Borrower agrees to comply with all laws and orders of any federal, state or local governmental agency relating to clean-up or remediation, or other response action required by applicable law or order concerning a release or threatened release of hazardous substances in or on the Development. The term "hazardous substance" as used in this paragraph shall mean as defined at Code of Civil Procedure Section 736(f)(3).

The Borrower shall give any and all environmental notices to tenants and/or workers (both employee and independent contractor) which may be required by state or federal law. The Borrower hereby agrees to indemnify and hold the Agency harmless for any and all liability arising out of the presence of hazardous substances on the Development during the longer of the term of the Loan or the term of the Regulatory Agreement. Liability may be established by, among other forms of demands, a demand in the form of a judgment, a settlement, or an administrative order; and may include costs, fees, penalties, interest, attorney's fees, and other costs related thereto. Whereas the purpose of this indemnity is to protect the Agency from harm, the rights to recover shall accrue as soon as the liability is incurred or costs are advanced. The term "any and all liability" shall include, but shall not be limited to, liability for: (a) the clean-up of hazardous substances; (b) claims for contribution or apportionment of remedies, and; (c) claims for physical or other damages to persons, property, or natural resources. The duty of the Borrower to indemnify and hold the Agency harmless shall include the duty to defend as set forth in California Civil Code Section 2778.

33. CDLAC Requirements. The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 02-127 relating to the Project and adopted on September 23, 2002 (the "CDLAC Conditions"), as they may be modified or amended from time-to-time, which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to CDLAC, not later than each anniversary of the Closing Date, until the end of the Qualified Project Period, a Certificate of Continuing Program

Compliance, executed by an authorized representative of the Borrower. The Agency shall have no obligation to monitor the Borrower's compliance with the CDLAC Conditions. In no event shall this Section extend the term of this Agreement as provided in Section I above.

34. Third-Party Beneficiary. The CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. 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, provided that any such action or remedy shall not materially adversely affect the interest and rights of the Bondholders or the Agency.


35. Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which constitute one and the same instrument.

36. 3 Year Tax Credit Period. If this Development was assisted by federal tax credits, and in the event that it is determined that IRS Code Section 42(h)(6)(E) (ii) is applicable to the Agency, and in the event that the Agency were to take over ownership of the Development as a result of a foreclosure, the Agency will comply with the 3 year extended use requirement as specified therein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

OREGON INVESTORS VIII LIMITED PARTNERSHIP,
an Oregon limited partnership

By: Cascade Housing Association,
an Oregon nonprofit public benefit
corporation, its General Partner

By: 
Kelly R. Williams
Secretary-Treasurer

CALIFORNIA HOUSING FINANCE AGENCY,
a public instrumentality and political subdivision of
the State of California

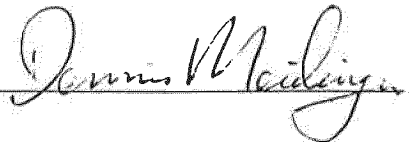
By: 

Exhibit A - Legal Description of the Development
Exhibit B - Agency Insurance Requirements

ACKNOWLEDGMENTS

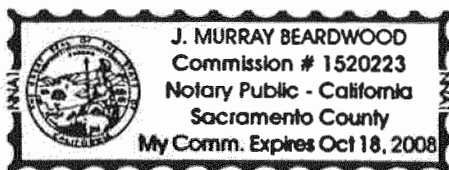
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Sacramento } ss.

On December 10, 2001 before me, J Murray Beardwood, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Dennis Meidinger
Name(s) of Signer(s)

- personally known to me
- 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.

WITNESS my hand and official seal.

J Murray Beardwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

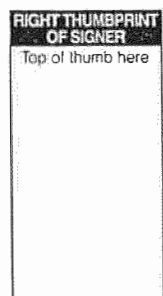
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



STATE OF OREGON

COUNTY OF LANE

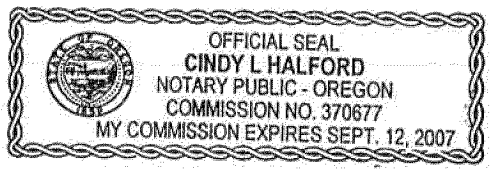
On December 14, 2004 before me, Cindy L. Halford
(Name of Notary Public)

personally appeared Kelly R. Williams

personally known to me (or 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.

WITNESS my hand and official seal.

Cindy L. Halford
(Signature of Notary Public)



(This area for notarial seal)

EXHIBIT "A"**LEGAL DESCRIPTION**

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

Parcel One:

Parcel 1, as shown on Parcel Map 01-01, Cedar Park, filed May 17, 2001, in Book 19 of Parcel Maps, at Page 60.

EXCEPTING THEREFROM minerals, gas, oil and mineral deposits below a depth of 200 feet below the surface together with all necessary and convenient rights to explore for, develop, produce, extract and take the same, subject to the express limitation that the foregoing exception and reservation shall not include any right of entry upon the surface of said land without the consent of the owner of such of said land as set forth in the Deed dated August 28, 1961, recorded August 29, 1961, recorded August 29, 1961, in Book 302, Page 339, Official Records, executed by Sum-Gold Corporation, Inc., to John P. O'Brien et ux.

Parcel Two:

A non-exclusive right of way for purposes of ingress and egress over a portion of Parcel 2, Book 19 of Parcel Maps, at Page 60, Nevada County, located in Southwest quarter of the Southwest quarter of Section 24, Township 16 North, Range 8 East, M.D.M., said right of way being more particularly described as follows:

Commencing at the Southwest corner of the subject Parcel 2, a point from which the Southwest corner of said Section 24 bears the following two consecutive courses, to-wit: South 90° West 582.88 feet and South 01° 28' 00" East 258.40 feet and running thence from said point of beginning North 33° 55' 35" West 94.56 feet to the beginning of a non tangent curve concaved to the Northeasterly having a radial bearing of North 33° 55' 35" East and a radius of 79.12 feet; thence along said curve Southeasterly 23.94 feet, thence North 36° 10' 12" East 28.29 feet, thence South 49° 35' 32" East 42.81 feet; thence North 82° 23' 01" East 155.32 feet to a point on the Westerly line of Sutton Way, thence running along said Westerly line South 07° 13' 30" East 75.54 feet; thence leaving said Sutton Way South 89° 59' 14" East 288.25 feet to the point of beginning as disclosed by a Grant of Easement dated January 24, 2003, by Cascade Housing Association, an Oregon non-profit Corporation to Martin Harmon, recorded January 31, 2003, Document No. 2003-0005020, Official Records of Nevada County.

Parcel Three:

An exclusive right of way for purposes of constructing roadways, curb, gutter and utilities on Parcel C as recorded in Book 7 of Parcel Maps at Page 41, Nevada County, California. This right of way shall

be terminated at the end of construction. Located in the Southwest quarter of the Southwest quarter of Section 24, Township 16 North, Range 8 East, M.D.M, a strip of land 60 feet wide, the center line which is described as follows:

Commencing at a point from which the Southwest corner of said Section 24 bears the following three courses, to-wit: North 90° 00' 00" West 145.00 feet, South 01° 28' 00" East 450.07, South 01° 28' 00" East 258.40 feet running thence from said point of beginning along the centerline of said right of way North 00° 00' 00" East a distance of 20.00 feet to the end thereof by an Easement and Maintenance Agreement dated January 24, 2003, by Oregon Investors V Limited Partnership, an Oregon limited partnership to Oregon Investors VIII Limited Partnership, an Oregon limited partnership, recorded January 31, 2003, Document No. 2003-0005021, Official Records of Nevada County.

Parcel Four:

A non-exclusive right of way for purposes of ingress and egress over a portion of Parcel 2, Book 19 of Parcel Maps at Page 60, Nevada County, located in Southwest quarter of Southwest quarter of Section 24, Township 16 North, Range 8 East, M.D.M., said right of way being more particularly described as follows:

Commencing at the Southwest corner of the subject Parcel 2, a point from which the Southwest corner of said Section 24 bears the following two consecutive courses, to-wit: South 90° West 582.88 feet and South 01° 28' 00" East 258.40 feet and running thence from said point of beginning: North 33° 55' 35" West 94.56 feet to the beginning of a non tangent curve concaved to the Northeasterly having a radial bearing of North 33° 55' 35" East and a radius of 79.12 feet; thence along said curve Southeasterly 23.94 feet, thence North 36° 10' 12" East 28.29 feet; thence South 49° 35' 32" East 42.81 feet; thence North 82° 23' 01" East 155.32 feet to a point on the Westerly line of Sutton Way; thence running along said Westerly line South 07° 13' 30" East 75.54 feet; thence leaving said Sutton Way South 89° 59' 14" East 288.25 feet to the point of beginning as disclosed by a Reciprocal Easement dated January 28, 2003, by Cascade Housing Association, an Oregon non-profit Corporation and Oregon Investors VIII Limited Partnership, an Oregon limited partnership, recorded February 5, 2003, Document No. 2003-0005781, Official Records of Nevada County.

APN: 35-412-04

EXHIBIT B

CALIFORNIA HOUSING FINANCE AGENCY

INSURANCE REQUIREMENTS
FOR CALIFORNIA HOUSING FINANCE AGENCY DEVELOPMENTS

Owner shall procure and maintain for the duration of the loan, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the owners operation of the premises to which this contract applies.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Property insurance against the perils of fire, "extended coverage", vandalism, and malicious mischief to real property and business income (rents).
2. If not granted a waiver, Property insurance against the perils of earthquake and flood for both real property and business income (rents). (May be purchased through CalHFA).
3. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
4. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
5. Workers; Compensation insurance as required by the State of California and Employer's Liability Insurance.
6. Boiler and Machinery coverage against standard "broad form" perils.

Minimum Limits of Insurance

Owner shall maintain limits no less than:

1. Property Insurance: Full replacement cost with no coinsurance penalty provision for real property, and at least the annual gross potential rental income for the development for business interruption coverage.
2. General Liability: (Including operations, products and completed operations.) **\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
3. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
4. Employer's Liability: **\$1,000,000** per accident for bodily injury or disease.
5. Earthquake and Flood:

- A. Limit as provided through participation in the earthquake and flood DIC policy coverage offered through the Agency, or.
- B. For new proposed projects, application to Multifamily Programs underwriting for a waiver.
- C. For projects not covered by the Agency policy or granted a waiver, total replacement value (building replacement cost plus business interruption value) with no coinsurance penalty provision.

Blanket earthquake insurance policies will be considered on a case by case basis.

6. Boiler & Machinery: **\$1,000,000.**

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by CalHFA. At the option of the CalHFA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CalHFA, its officers, officials, employees and volunteers; or the owner shall provide a financial guarantee satisfactory to CalHFA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

Notwithstanding the foregoing, the owner may select deductibles no greater than \$10,000 per occurrence on Property and Boiler & Machinery coverages, and no greater than 5% of the values per building per location at the time and place of the loss per occurrence on Earthquake and Flood coverages.

Other Insurance Provisions

With respect to Property and Earthquake and Flood coverage, the Agency's interest shall be protected by a Lenders Loss Payable Endorsement naming the Agency as "Loss Payee."

Crime Coverage: The Agency recommends, but does not require owner to carry insurance covering money or other property against burglary, robbery or theft.

Directors and Officers: The Agency recommends but does not require liability insurance for directors and officers of non-profit boards.

The general liability policy is to contain, or be endorsed to contain, the following provisions:

- 1. The owner's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the Agency shall be excess of the owner's insurance and shall not contribute with it.
- 2. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, reduced or modified except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII or an S&P rating of AA.

Verification of Coverage

Policies must be acquired at initial occupancy and a certificate of insurance must be submitted to the Agency for approval 45 days prior to permanent loan recordation. Renewal insurance certificates must be submitted 30 days prior to the expiration date of any current certificate.

Impounds

At the time of permanent loan closing, the Agency will establish insurance impounds

EXHIBIT “O”

**MULTIFAMILY LOAN AND SECURITY AGREEMENT
(NON-RECOURSE)**

BY AND BETWEEN

OREGON INVESTORS V LIMITED PARTNERSHIP,
an Oregon limited partnership

AND

BERKELEY POINT CAPITAL LLC,
a Delaware limited liability company

DATED AS OF

May 30, 2014

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**MULTIFAMILY LOAN AND SECURITY AGREEMENT
(Non-Recourse)**

This MULTIFAMILY LOAN AND SECURITY AGREEMENT (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Loan Agreement**”) is made as of the Effective Date (as hereinafter defined) by and between **OREGON INVESTORS V LIMITED PARTNERSHIP**, an Oregon limited partnership (“**Borrower**”), and **BERKELEY POINT CAPITAL LLC**, a Delaware limited liability company (“**Lender**”).

RECITALS:

WHEREAS, Borrower desires to obtain the Mortgage Loan (as hereinafter defined) from Lender to be secured by the Mortgaged Property (as hereinafter defined); and

WHEREAS, Lender is willing to make the Mortgage Loan on the terms and conditions contained in this Loan Agreement and in the other Loan Documents (as hereinafter defined);

NOW, THEREFORE, in consideration of the making of the Mortgage Loan by Lender and other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereby covenant, agree, represent, and warrant as follows:

AGREEMENTS:

**ARTICLE 1 - DEFINITIONS; SUMMARY OF MORTGAGE
LOAN TERMS**

Section 1.01 Defined Terms.

Capitalized terms not otherwise defined in the body of this Loan Agreement shall have the meanings set forth in the Definitions Schedule attached as Schedule 1 to this Loan Agreement.

Section 1.02 Schedules, Exhibits, and Attachments Incorporated.

The schedules, exhibits, and any other addenda or attachments are incorporated fully into this Loan Agreement by this reference and each constitutes a substantive part of this Loan Agreement.

ARTICLE 2 - GENERAL MORTGAGE LOAN TERMS

Section 2.01 Mortgage Loan Origination and Security.

(a) Making of Mortgage Loan.

Subject to the terms and conditions of this Loan Agreement and the other Loan Documents, Lender hereby makes the Mortgage Loan to Borrower, and Borrower hereby accepts the Mortgage Loan from Lender. Borrower covenants and agrees that it shall:

(1) pay the Indebtedness, including the Prepayment Premium, if any (whether in connection with any voluntary prepayment or in connection with an acceleration by Lender of the Indebtedness), in accordance with the terms of this Loan Agreement and the other Loan Documents; and

(2) perform, observe, and comply with this Loan Agreement and all other provisions of the other Loan Documents.

(b) Security for Mortgage Loan.

The Mortgage Loan is made pursuant to this Loan Agreement, is evidenced by the Note, and is secured by the Security Instrument, this Loan Agreement, and the other Loan Documents that are expressly stated to be security for the Mortgage Loan.

(c) Protective Advances.

As provided in the Security Instrument, Lender may take such actions or disburse such funds as Lender reasonably deems necessary to perform the obligations of Borrower under this Loan Agreement and the other Loan Documents and to protect Lender's interest in the Mortgaged Property.

Section 2.02 Payments on Mortgage Loan.

(a) Debt Service Payments.

(1) Short Month Interest.

If the date the Mortgage Loan proceeds are disbursed is any day other than the first day of the month, interest for the period beginning on the disbursement date and ending on and including the last day of the month in which the disbursement occurs shall be payable by Borrower on the date the Mortgage Loan proceeds are disbursed. In the event that the disbursement date is not the same as the Effective Date, then:

(A) the disbursement date and the Effective Date must be in the same month, and

(B) the Effective Date shall not be the first day of the month.

(2) Interest Accrual and Computation.

Except as provided in Section 2.02(a)(1), interest shall be paid in arrears. Interest shall accrue as provided in the Schedule of Interest Rate Type Provisions and shall be computed in accordance with the Interest Accrual Method. If the Interest Accrual Method is "Actual/360," Borrower acknowledges and agrees that the amount allocated to interest for each month will vary depending on the actual number of calendar days during such month.

(3) Monthly Debt Service Payments.

Consecutive monthly debt service installments (comprised of either interest only or principal and interest, depending on the Amortization Type), each in the amount of the applicable Monthly Debt Service Payment, shall be due and payable on the First Payment Date, and on each Payment Date thereafter until the Maturity Date, at which time all Indebtedness shall be due. Any regularly scheduled Monthly Debt Service Payment that is received by Lender before the applicable Payment Date shall be deemed to have been received on such Payment Date solely for the purpose of calculating interest due. All payments made by Borrower under this Loan Agreement shall be made without set-off, counterclaim, or other defense.

(4) Payment at Maturity.

The unpaid principal balance of the Mortgage Loan, any Accrued Interest thereon and all other Indebtedness shall be due and payable on the Maturity Date.

(5) Interest Rate Type.

See the Schedule of Interest Rate Type Provisions for additional provisions, if any, specific to the Interest Rate Type.

(b) Capitalization of Accrued But Unpaid Interest.

Any accrued and unpaid interest on the Mortgage Loan remaining past due for thirty (30) days or more may, at Lender's election, be added to and become part of the unpaid principal balance of the Mortgage Loan.

(c) Late Charges.

(1) If any Monthly Debt Service Payment due hereunder is not received by Lender within ten (10) days (or fifteen (15) days for any Mortgaged Property located in Mississippi or North Carolina to comply with applicable law) after the applicable Payment Date, or any amount payable under this Loan Agreement (other than the payment due on the Maturity Date for repayment of the Mortgage Loan in full) or any

other Loan Document is not received by Lender within ten (10) days (or fifteen (15) days for any Mortgaged Property located in Mississippi or North Carolina to comply with applicable law) after the date such amount is due, inclusive of the date on which such amount is due, Borrower shall pay to Lender, immediately without demand by Lender, the Late Charge.

The Late Charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 2.02(d).

- (2) Borrower acknowledges and agrees that:
 - (A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Mortgage Loan;
 - (B) it is extremely difficult and impractical to determine those additional expenses;
 - (C) Lender is entitled to be compensated for such additional expenses; and
 - (D) the Late Charge represents a fair and reasonable estimate, taking into account all circumstances existing on the date hereof, of the additional expenses Lender will incur by reason of any such late payment.

(d) Default Rate.

- (1) Default interest shall be paid as follows:
 - (A) If any amount due in respect of the Mortgage Loan (other than amounts due on the Maturity Date) remains past due for thirty (30) days or more, interest on such unpaid amount(s) shall accrue from the date payment is due at the Default Rate and shall be payable upon demand by Lender.
 - (B) If any Indebtedness due is not paid in full on the Maturity Date, then interest shall accrue at the Default Rate on all such unpaid amounts from the Maturity Date until fully paid and shall be payable upon demand by Lender.

Absent a demand by Lender, any such amounts shall be payable by Borrower in the same manner as provided for the payment of Monthly Debt Service Payments. To the extent permitted by applicable law, interest shall also accrue at the Default Rate on any judgment obtained by Lender against Borrower in connection with the Mortgage Loan.

- (2) Borrower acknowledges and agrees that:
 - (A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Mortgage Loan; and

(B) in connection with any failure to timely pay all amounts due in respect of the Mortgage Loan on the Maturity Date, or during the time that any amount due in respect of the Mortgage Loan is delinquent for more than thirty (30) days:

(i) Lender's risk of nonpayment of the Mortgage Loan will be materially increased;

(ii) Lender's ability to meet its other obligations and to take advantage of other investment opportunities will be adversely impacted;

(iii) Lender will incur additional costs and expenses arising from its loss of the use of the amounts due;

(iv) it is extremely difficult and impractical to determine such additional costs and expenses;

(v) Lender is entitled to be compensated for such additional risks, costs, and expenses; and

(vi) the increase from the Interest Rate to the Default Rate represents a fair and reasonable estimate of the additional risks, costs, and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquency on the Mortgage Loan (taking into account all circumstances existing on the Effective Date).

(e) Address for Payments.

All payments due pursuant to the Loan Documents shall be payable at Lender's Payment Address, or such other place and in such manner as may be designated from time to time by written notice to Borrower by Lender.

(f) Application of Payments.

If at any time Lender receives, from Borrower or otherwise, any amount in respect of the Indebtedness that is less than all amounts due and payable at such time, then Lender may apply such payment to amounts then due and payable in any manner and in any order determined by Lender or hold in suspense and not apply such amount at Lender's election. Neither Lender's acceptance of an amount that is less than all amounts then due and payable, nor Lender's application of, or suspension of the application of, such payment, shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Loan Agreement and the other Loan Documents shall remain unchanged.

Section 2.03 Lockout/Prepayment.

(a) Prepayment; Prepayment Lockout; Prepayment Premium.

(1) Borrower shall not make a voluntary full or partial prepayment on the Mortgage Loan during any Prepayment Lockout Period nor shall Borrower make a voluntary partial prepayment at any time. Except as expressly provided in this Loan Agreement (including as provided in the Prepayment Premium Schedule), a Prepayment Premium calculated in accordance with the Prepayment Premium Schedule shall be payable in connection with any prepayment of the Mortgage Loan.

(2) If a Prepayment Lockout Period applies to the Mortgage Loan, and during such Prepayment Lockout Period Lender accelerates the unpaid principal balance of the Mortgage Loan or otherwise applies collateral held by Lender to the repayment of any portion of the unpaid principal balance of the Mortgage Loan, the Prepayment Premium shall be due and payable and equal to the amount obtained by multiplying the percentage indicated (if at all) in the Prepayment Premium Schedule by the amount of principal being prepaid at the time of such acceleration or application.

(b) Voluntary Prepayment in Full.

At any time after the expiration of any Prepayment Lockout Period, Borrower may voluntarily prepay the Mortgage Loan in full on a Permitted Prepayment Date so long as:

(1) Borrower delivers to Lender a Prepayment Notice specifying the Intended Prepayment Date not more than sixty (60) days, but not less than thirty (30) days (if given via U.S. Postal Service) or twenty (20) days (if given via facsimile, e-mail, or overnight courier) prior to such Intended Prepayment Date; and

(2) Borrower pays to Lender an amount equal to the sum of:

(A) the entire unpaid principal balance of the Mortgage Loan; plus

(B) all Accrued Interest (calculated through the last day of the month in which the prepayment occurs); plus

(C) the Prepayment Premium; plus

(D) all other Indebtedness.

In connection with any such voluntary prepayment, Borrower acknowledges and agrees that interest shall always be calculated and paid through the last day of the month in which the prepayment occurs (even if the Permitted Prepayment Date for such month is not the last day of such month, or if Lender approves prepayment on an Intended Prepayment Date that is not a Permitted Prepayment Date). Borrower further acknowledges that Lender is not required to accept a voluntary prepayment of the Mortgage Loan on any day other than a Permitted

Prepayment Date. However, if Lender does approve an Intended Prepayment Date that is not a Permitted Prepayment Date and accepts a prepayment on such Intended Prepayment Date, such prepayment shall be deemed to be received on the immediately following Permitted Prepayment Date. If Borrower fails to prepay the Mortgage Loan on the Intended Prepayment Date for any reason (including on any Intended Prepayment Date that is approved by Lender) and such failure either continues for five (5) Business Days, or into the following month, Lender shall have the right to recalculate the payoff amount. If Borrower prepays the Mortgage Loan either in the following month or more than five (5) Business Days after the Intended Payoff Date that was approved by Lender, Lender shall also have the right to recalculate the payoff amount based upon the amount of such payment and the date such payment was received by Lender. Borrower shall immediately pay to Lender any additional amounts required by any such recalculation.

(c) Acceleration of Mortgage Loan.

Upon acceleration of the Mortgage Loan, Borrower shall pay to Lender:

- (1) the entire unpaid principal balance of the Mortgage Loan;
- (2) all Accrued Interest (calculated through the last day of the month in which the acceleration occurs);
- (3) the Prepayment Premium; and
- (4) all other Indebtedness.

(d) Application of Collateral.

Any application by Lender of any collateral or other security to the repayment of all or any portion of the unpaid principal balance of the Mortgage Loan prior to the Maturity Date in accordance with the Loan Documents shall be deemed to be a prepayment by Borrower. Any such prepayment shall require the payment to Lender by Borrower of the Prepayment Premium calculated on the amount being prepaid in accordance with this Loan Agreement.

(e) Casualty and Condemnation.

Notwithstanding any provision of this Loan Agreement to the contrary, no Prepayment Premium shall be payable with respect to any prepayment occurring as a result of the application of any insurance proceeds or amounts received in connection with a Condemnation Action in accordance with this Loan Agreement.

(f) No Effect on Payment Obligations.

Unless otherwise expressly provided in this Loan Agreement, any prepayment required by any Loan Document of less than the entire unpaid principal balance of the Mortgage Loan shall not extend or postpone the due date of any subsequent Monthly Debt Service Payments,

Monthly Replacement Reserve Deposit, or other payment, or change the amount of any such payments or deposits.

(g) Loss Resulting from Prepayment.

In any circumstance in which a Prepayment Premium is due under this Loan Agreement, Borrower acknowledges that:

(1) any prepayment of the unpaid principal balance of the Mortgage Loan, whether voluntary or involuntary, or following the occurrence of an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional risk, expense, and frustration or impairment of Lender's ability to meet its commitments to third parties;

(2) it is extremely difficult and impractical to ascertain the extent of such losses, risks, and damages;

(3) the formula for calculating the Prepayment Premium represents a reasonable estimate of the losses, risks, and damages Lender will incur as a result of a prepayment; and

(4) the provisions regarding the Prepayment Premium contained in this Loan Agreement are a material part of the consideration for the Mortgage Loan, and that the terms of the Mortgage Loan are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to such prepayment provisions.

ARTICLE 3 - PERSONAL LIABILITY

Section 3.01 Non-Recourse Mortgage Loan; Exceptions.

Except as otherwise provided in this Article 3 or in any other Loan Document, none of Borrower, or any director, officer, manager, member, partner, shareholder, trustee, trust beneficiary, or employee of Borrower, shall have personal liability under this Loan Agreement or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of such Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against Guarantor under any Loan Document.

Section 3.02 Personal Liability of Borrower (Exceptions to Non-Recourse Provision).

(a) Personal Liability Based on Lender's Loss.

Borrower shall be personally liable to Lender for the repayment of the portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of, subject to any notice and cure period, if any:

(1) failure to pay as directed by Lender upon demand after an Event of Default (to the extent actually received by Borrower):

(A) all Rents to which Lender is entitled under the Loan Documents;
and

(B) the amount of all security deposits then held or thereafter collected by Borrower from tenants and not properly applied pursuant to the applicable Leases;

(2) failure to maintain all insurance policies required by the Loan Documents, except to the extent Lender has the obligation to pay the premiums pursuant to Section 12.03(c);

(3) failure to apply all insurance proceeds received by Borrower or any amounts received by Borrower in connection with a Condemnation Action, as required by the Loan Documents;

(4) failure to comply with any provision of this Loan Agreement or any other Loan Document relating to the delivery of books and records, statements, schedules, and reports;

(5) except to the extent directed otherwise by Lender pursuant to Section 3.02(a)(1), failure to apply Rents to the ordinary and necessary expenses of owning and operating the Mortgaged Property and Debt Service Amounts, as and when each is due and payable, except that Borrower will not be personally liable with respect to Rents that are distributed by Borrower in any calendar year if Borrower has paid all ordinary and necessary expenses of owning and operating the Mortgaged Property and Debt Service Amounts for such calendar year;

(6) waste or abandonment of the Mortgaged Property; or

(7) grossly negligent or reckless unintentional material misrepresentation or omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with on-going financial or other reporting required by the Loan Documents, or any request for action or consent by Lender.

Notwithstanding the foregoing, Borrower shall not have personal liability under clauses (1), (3), or (5) above to the extent that Borrower lacks the legal right to direct the disbursement of the applicable funds due to an involuntary Bankruptcy Event that occurs without the consent, encouragement, or active participation of (A) Borrower, Guarantor, or Key Principal, (B) any Person Controlling Borrower, Guarantor, or Key Principal or (C) any Person Controlled by or under common Control with Borrower, Guarantor, or Key Principal.

(b) Full Personal Liability for Mortgage Loan.

Borrower shall be personally liable to Lender for the repayment of all of the Indebtedness, and the Mortgage Loan shall be fully recourse to Borrower, upon the occurrence of any of the following:

(1) failure by Borrower to comply with the single-asset entity requirements of Section 4.02(d) of this Loan Agreement;

(2) a Transfer (other than a conveyance of the Mortgaged Property at a Foreclosure Event pursuant to the Security Instrument and this Loan Agreement) that is not permitted under this Loan Agreement or any other Loan Document;

(3) the occurrence of any Bankruptcy Event (other than an acknowledgement in writing as described in clause (b) of the definition of "Bankruptcy Event"); provided, however, in the event of an involuntary Bankruptcy Event, Borrower shall only be personally liable if such involuntary Bankruptcy Event occurs with the consent, encouragement, or active participation of (A) Borrower, Guarantor, or Key Principal, (B) any Person Controlling Borrower, Guarantor, or Key Principal, or (C) any Person Controlled by or under common Control with Borrower, Guarantor, or Key Principal;

(4) fraud, written material misrepresentation, or material omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with any application for or creation of the Indebtedness; or

(5) fraud, written intentional material misrepresentation, or intentional material omission by Borrower, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Guarantor, or Key Principal in connection with on-going financial or other reporting required by the Loan Documents, or any request for action or consent by Lender.

Section 3.03 Personal Liability for Indemnity Obligations.

Borrower shall be personally and fully liable to Lender for Borrower's indemnity obligations under Section 13.01(e) of this Loan Agreement, the Environmental Indemnity Agreement, and any other express indemnity obligations provided by Borrower under any Loan Document. Borrower's liability for such indemnity obligations shall not be limited by the amount of the Indebtedness, the repayment of the Indebtedness, or otherwise, provided that

Borrower's liability for such indemnities shall not include any loss caused by the gross negligence or willful misconduct of Lender as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

Section 3.04 Lender's Right to Forego Rights Against Mortgaged Property.

To the extent that Borrower has personal liability under this Loan Agreement or any other Loan Document, Lender may exercise its rights against Borrower personally to the fullest extent permitted by applicable law without regard to whether Lender has exercised any rights against the Mortgaged Property, the UCC Collateral, or any other security, or pursued any rights against Guarantor, or pursued any other rights available to Lender under this Loan Agreement, any other Loan Document, or applicable law. For purposes of this Section 3.04 only, the term "Mortgaged Property" shall not include any funds that have been applied by Borrower as required or permitted by this Loan Agreement prior to the occurrence of an Event of Default, or that Borrower was unable to apply as required or permitted by this Loan Agreement because of a Bankruptcy Event. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Article 3, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

ARTICLE 4 - BORROWER STATUS

Section 4.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 4.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Due Organization and Qualification.

Borrower is validly existing and qualified to transact business and is in good standing in the state in which it is formed or organized, the Property Jurisdiction, and in each other jurisdiction that qualification or good standing is required according to applicable law to conduct its business with respect to the Mortgaged Property and where the failure to be so qualified or in good standing would adversely affect Borrower's operation of the Mortgaged Property or the validity, enforceability or the ability of Borrower to perform its obligations under this Loan Agreement or any other Loan Document.

(b) Location.

Borrower's General Business Address is Borrower's principal place of business and principal office.

(c) Power and Authority.

Borrower has the requisite power and authority:

(1) to own the Mortgaged Property and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of its obligations under this Loan Agreement and under the other Loan Documents to which it is a party; and

(2) to execute and deliver this Loan Agreement and the other Loan Documents to which it is a party, and to carry out the transactions contemplated by this Loan Agreement and the other Loan Documents to which it is a party.

(d) Due Authorization.

The execution, delivery, and performance of this Loan Agreement and the other Loan Documents to which it is a party have been duly authorized by all necessary action and proceedings by or on behalf of Borrower, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Borrower as a condition to the valid execution, delivery, and performance by Borrower of this Loan Agreement or any of the other Loan Documents to which it is a party, except filings required to perfect and maintain the liens to be granted under the Loan Documents and routine filings to maintain good standing and its existence.

(e) Valid and Binding Obligations.

This Loan Agreement and the other Loan Documents to which it is a party have been duly executed and delivered by Borrower and constitute the legal, valid, and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable Insolvency Laws or by the exercise of discretion by any court.

(f) Effect of Mortgage Loan on Borrower's Financial Condition.

Borrower is not presently Insolvent, and the Mortgage Loan will not render Borrower Insolvent. Borrower has sufficient working capital, including proceeds from the Mortgage Loan, cash flow from the Mortgaged Property, or other sources, not only to adequately maintain the Mortgaged Property, but also to pay all of Borrower's outstanding debts as they come due, including all Debt Service Amounts. In connection with the execution and delivery of this Loan Agreement and the other Loan Documents (and the delivery to, or for the benefit of, Lender of any collateral contemplated thereunder), and the incurrence by Borrower of the obligations under this Loan Agreement and the other Loan Documents, Borrower did not receive less than reasonably equivalent value in exchange for the incurrence of the obligations of Borrower under this Loan Agreement and the other Loan Documents.

(g) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, is in violation of:

(A) any applicable anti-money laundering laws, including those contained in the Bank Secrecy Act; and

(B) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal.

(2) None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, is a Person:

(A) that is charged with, or has received actual notice that he, she, or it is under investigation for, any violation of any laws described in Section 4.01(g)(1);

(B) that has been convicted of any violation of, has been subject to civil penalties pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.01(g)(1); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is prohibited from transacting business of the type contemplated by this Loan Agreement and the other Loan Documents under any other applicable law.

(3) None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, is in violation of any obligation to maintain appropriate internal controls as required by the governing laws of the jurisdiction of such Person as are necessary to ensure compliance with the economic sanctions, anti-money laundering, and anti-corruption laws of the United States and the jurisdiction where the Person resides, is domiciled, or has its principal place of business.

(4) Borrower, Guarantor, and Key Principal are in compliance with all applicable economic sanctions laws administered by OFAC, the United States Department of State, or the United States Department of Commerce.

(h) Borrower Single Asset Status.

Borrower:

(1) does not own or lease any real property, personal property, or assets other than the Mortgaged Property;

(2) does not own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property;

(3) has no material financial obligation under or secured by any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which Borrower is a party, or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property, provided that any trade payables (i) are not evidenced by a promissory note, (ii) are paid within sixty (60) days of the due date of such trade payable, and (iii) do not exceed, in the aggregate, two percent (2%) of the original principal balance of the Mortgage Loan;

(B) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(C) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(4) has accurately maintained its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless Borrower's assets have been included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) has not commingled its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(6) has been adequately capitalized in light of its contemplated business operations;

(7) has not assumed, guaranteed, or pledged its assets to secure the liabilities or obligations of any other Person (except in connection with the Mortgage Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar

instrument), or held out its credit as being available to satisfy the obligations of any other Person;

(8) has not made loans or advances to any other Person; and

(9) has not entered into, and is not a party to, any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to any such Borrower Affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party.

(i) No Bankruptcies or Judgments.

None of Borrower, Guarantor, or Key Principal, nor to Borrower's knowledge, any Person Controlling Borrower, Guarantor, or Key Principal, nor any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, is currently:

(1) the subject of or a party to any completed or pending bankruptcy, reorganization, including any receivership or other insolvency proceeding;

(2) preparing or intending to be the subject of a Bankruptcy Event; or

(3) the subject of any judgment unsatisfied of record or docketed in any court;
or

(4) Insolvent.

(j) No Litigation.

(1) There are no claims, actions, suits, or proceedings at law or in equity (including any insolvency, bankruptcy, or receivership proceedings) by or before any Governmental Authority now pending or, to Borrower's knowledge, threatened against or affecting Borrower or the Mortgaged Property not otherwise covered by insurance (except for claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be disclosed); and

(2) there are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending or, to Borrower's knowledge, threatened against or affecting Guarantor or Key Principal, which claims, actions, suits, or proceedings, if adversely determined (individually or in the aggregate) would reasonably be expected to materially adversely affect the financial condition or business of Borrower, Guarantor, or Key Principal or the condition, operation, or ownership of the Mortgaged Property (except for claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material).

(k) Payment of Taxes, Assessments, and Other Charges.

Borrower confirms that:

(1) it has filed all federal, state, county, and municipal tax returns and reports required to have been filed by Borrower;

(2) it has paid, before any fine, penalty, interest, lien, or costs may be added thereto, all taxes, governmental charges, and assessments due and payable with respect to such returns and reports;

(3) there is no controversy or objection pending, or to the knowledge of Borrower, threatened in respect of any tax returns of Borrower; and

(4) it has made adequate reserves on its books and records for all taxes that have accrued but which are not yet due and payable.

(l) Not a Foreign Person.

Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

(m) ERISA.

Borrower represents and warrants that:

(1) Borrower is not an Employee Benefit Plan;

(2) no asset of Borrower constitutes “plan assets” (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(3) no asset of Borrower is subject to any laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(4) neither Borrower nor any ERISA Affiliate is subject to any obligation or liability with respect to any ERISA Plan.

(n) Default Under Other Obligations.

(1) The execution, delivery, and performance of the obligations imposed on Borrower under this Loan Agreement and the Loan Documents to which it is a party will not cause Borrower to be in default under the provisions of any agreement, judgment, or order to which Borrower is a party or by which Borrower is bound.

(2) None of Borrower, Guarantor, or Key Principal is in default under any obligation to Lender.

(o) Prohibited Person.

None of Borrower, Guarantor, or Key Principal is a Prohibited Person, nor to Borrower's knowledge, is any Person:

- (1) Controlling Borrower, Guarantor, or Key Principal; or
- (2) Controlled by and having a direct or indirect ownership interest in Borrower, Guarantor, or Key Principal a Prohibited Person.

(p) No Contravention.

Neither the execution and delivery of this Loan Agreement and the other Loan Documents to which Borrower is a party, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the other Loan Documents to which Borrower is a party, nor the performance of the obligations of Borrower under this Loan Agreement and the other Loan Documents does or will conflict with or result in any breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of Borrower's organizational documents, or any indenture, existing agreement, or other instrument to which Borrower is a party or to which Borrower, the Mortgaged Property, or other assets of Borrower are subject.

(q) Lockbox Arrangement.

Neither Borrower nor the direct or indirect owners of Borrower is party to any type of lockbox agreement or other similar cash management arrangement with any direct or indirect owner of Borrower that has not been approved by Lender in writing. In the event that Lender has approved any such arrangement, Borrower has, at Lender's option, entered into a lockbox agreement or other similar cash management agreement with Lender in form and substance acceptable to Lender.

Section 4.02 Covenants.

(a) Maintenance of Existence; Organizational Documents.

Borrower shall maintain its existence, its entity status, franchises, rights, and privileges under the laws of the state of its formation or organization (as applicable). Borrower shall continue to be duly qualified and in good standing to transact business in each jurisdiction in which qualification or standing is required according to applicable law to conduct its business with respect to the Mortgaged Property and where the failure to do so would adversely affect Borrower's operation of the Mortgaged Property or the validity, enforceability, or the ability of Borrower to perform its obligations under this Loan Agreement or any other Loan Document. Neither Borrower nor any partner, member, manager, officer, or director of Borrower shall:

- (1) make or allow any material change to the organizational documents or organizational structure of Borrower, including changes relating to the Control of Borrower, or

(2) file any action, complaint, petition, or other claim to:

(A) divide, partition, or otherwise compel the sale of the Mortgaged Property, or

(B) otherwise change the Control of Borrower.

(b) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) Borrower shall at all times remain, and shall cause Guarantor, Key Principal, and any Person Controlling Borrower, Guarantor, or Key Principal, or any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them to remain, in compliance with:

(A) any applicable anti-money laundering laws, including those contained in the Bank Secrecy Act; and

(B) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal.

(2) At no time shall Borrower, Guarantor, or Key Principal, or any Person Controlling Borrower, Guarantor, or Key Principal, or any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, be a Person:

(A) that is charged with, or has received actual notice that he, she, or it is under investigation for, any violation of any laws described in Section 4.02(b)(1);

(B) that has been convicted of any violation of, has been subject to civil penalties pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.02(b)(1); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is prohibited from transacting business of the type contemplated by this Loan Agreement and the other Loan Documents under any other applicable law.

(3) At no time shall Borrower, Guarantor, or Key Principal, or any Person Controlling Borrower, Guarantor, or Key Principal, or any Person Controlled by Borrower, Guarantor, or Key Principal that also has a direct or indirect ownership interest in any of them, be a Person in violation of any obligation to maintain appropriate internal controls as required by the governing laws of the jurisdiction of such Person as are necessary to ensure compliance with the economic sanctions, anti-money laundering, and

anti-corruption laws of the United States and the jurisdiction where the Person resides, is domiciled or has its principal place of business.

(4) Borrower shall at all times remain, and shall cause Guarantor and Key Principal to remain, in compliance with any applicable economic sanctions laws administered by OFAC, the United States Department of State, or the United States Department of Commerce.

(c) Payment of Taxes, Assessments, and Other Charges.

Borrower shall file all federal, state, county, and municipal tax returns and reports required to be filed by Borrower and shall pay, before any fine, penalty, interest, or cost may be added thereto, all taxes payable with respect to such returns and reports.

(d) Borrower Single Asset Status.

Until the Indebtedness is fully paid, Borrower:

(1) shall not acquire or lease any real property, personal property, or assets other than the Mortgaged Property;

(2) shall not acquire, own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property;

(3) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(4) shall accurately maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless Borrower's assets are included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) shall have no material financial obligation under any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which Borrower is a party or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property, provided that any such trade payables (i) are not evidenced by a promissory note; (ii) are paid within sixty (60) days of the due date of such trade payable; and (iii) do not exceed, in the aggregate, two percent (2%) of the original principal balance of the Mortgage Loan;

(B) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(C) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(6) shall not assume, guaranty, or pledge its assets to secure the liabilities or obligations of any other Person (except in connection with the Mortgage Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar instrument) or hold out its credit as being available to satisfy the obligations of any other Person;

(7) shall not make loans or advances to any other Person; or

(8) shall not enter into, or become a party to, any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to any such Borrower Affiliate than would be obtained in a comparable arm's-length transaction with an unrelated third party.

(e) ERISA.

Borrower covenants that:

(1) no asset of Borrower shall constitute "plan assets" (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(2) no asset of Borrower shall be subject to the laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(3) neither Borrower nor any ERISA Affiliate shall incur any obligation or liability with respect to any ERISA Plan.

(f) Notice of Litigation or Insolvency.

Borrower shall give immediate written notice to Lender of any claims, actions, suits, or proceedings at law or in equity (including any insolvency, bankruptcy, or receivership proceeding) by or before any Governmental Authority pending or, to Borrower's knowledge, threatened against or affecting Borrower, Guarantor, Key Principal, or the Mortgaged Property, which claims, actions, suits, or proceedings, if adversely determined reasonably would be expected to materially adversely affect the financial condition or business of Borrower, Guarantor, or Key Principal, or the condition, operation, or ownership of the Mortgaged Property (including any claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material).

(g) Payment of Costs, Fees, and Expenses.

In addition to the payments specified in this Loan Agreement, Borrower shall pay, on demand, all of Lender's out-of-pocket fees, costs, charges, or expenses (including the reasonable fees and expenses of attorneys, accountants, and other experts) incurred by Lender in connection with:

- (1) any amendment to, or consent, or waiver required under, this Loan Agreement or any of the Loan Documents (whether or not any such amendments, consents, or waivers are entered into);
- (2) defending or participating in any litigation arising from actions by third parties and brought against or involving Lender with respect to:
 - (A) the Mortgaged Property;
 - (B) any event, act, condition, or circumstance in connection with the Mortgaged Property; or
 - (C) the relationship between Lender, Borrower, Key Principal, and Guarantor in connection with this Loan Agreement or any of the transactions contemplated by this Loan Agreement;
- (3) the administration or enforcement of, or preservation of rights or remedies under, this Loan Agreement or any other Loan Documents including or in connection with any litigation or appeals, any Foreclosure Event or other disposition of any collateral granted pursuant to the Loan Documents; and
- (4) any Bankruptcy Event or Guarantor Bankruptcy Event.

(h) Restrictions on Distributions.

Borrower shall not declare or make any distributions or dividends of any nature to any Person having an ownership interest in Borrower if an Event of Default has occurred and is continuing.

(i) Lockbox Arrangement.

Neither Borrower nor the direct or indirect owners of Borrower shall enter into any type of lockbox agreement or other similar cash management arrangement with any direct or indirect owner of Borrower without the prior written consent of Lender. In the event that Lender issues such consent, Borrower shall, at Lender's option, be required to enter into a lockbox agreement or other similar cash management agreement with Lender in form and substance acceptable to Lender.

(j) Borrower covenants that a Prohibited Person or an entity that is owned, controlled or managed by a Prohibited Person shall not (i) act in any advisory, managerial or consultant role or provide consulting services of any nature to Borrower or Cascade Housing Association, an Oregon nonprofit public benefit corporation in connection with the Mortgaged Property, or (ii) have any ownership or membership interest in Borrower.

ARTICLE 5 - THE MORTGAGE LOAN

Section 5.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 5.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Receipt and Review of Loan Documents.

Borrower has received and reviewed this Loan Agreement and all of the other Loan Documents.

(b) No Default.

No Event of Default exists under any of the Loan Documents, and the execution, delivery, and performance of the obligations imposed on Borrower under the Loan Documents will not cause Borrower to be in default under the provisions of any agreement, judgment, or order to which Borrower is a party or by which Borrower is bound.

(c) No Defenses.

The Loan Documents are not currently subject to any right of rescission, set-off, counterclaim, or defense by either Borrower or Guarantor, including the defense of usury, and neither Borrower nor Guarantor has asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

(d) Loan Document Taxes.

All mortgage, mortgage recording, stamp, intangible, or any other similar taxes required to be paid by any Person under applicable law currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of any of the Loan Documents, including the Security Instrument, have been paid or will be paid in the ordinary course of the closing of the Mortgage Loan.

Section 5.02 Covenants.

(a) Ratification of Covenants; Estoppels; Certifications.

Borrower shall:

(1) promptly notify Lender in writing upon any violation of any covenant set forth in any Loan Document of which Borrower has notice or knowledge; provided, however, any such written notice by Borrower to Lender shall not relieve Borrower of, or result in a waiver of, any obligation under this Loan Agreement or any other Loan Document; and

(2) within ten (10) days after a request from Lender, provide a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement:

(A) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications);

(B) the unpaid principal balance of the Mortgage Loan;

(C) the date to which interest on the Mortgage Loan has been paid;

(D) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Loan Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail);

(E) whether or not there are then-existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and

(F) any additional facts reasonably requested in writing by Lender.

(b) Further Assurances.

(1) Other Documents As Lender May Require.

Within ten (10) days after request by Lender, Borrower shall, subject to Section 5.02(d) below, execute, acknowledge, and deliver, at its cost and expense, all further acts, deeds, conveyances, assignments, financing statements, transfers, and assurances as Lender may reasonably require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Loan Agreement and the other Loan Documents.

(2) Corrective Actions.

Within ten (10) days after request by Lender, Borrower shall provide, or cause to be provided, to Lender, at Borrower's cost and expense, such further documentation or information reasonably deemed necessary or appropriate by Lender in the exercise of its rights under the related commitment letter between Borrower and Lender or to correct patent mistakes in the Loan Documents, the Title Policy, or the funding of the Mortgage Loan.

(c) Sale of Mortgage Loan.

Borrower shall, subject to Section 5.02(d) below:

(1) comply with the reasonable requirements of Lender or any Investor of the Mortgage Loan or provide, or cause to be provided, to Lender or any Investor of the Mortgage Loan within ten (10) days of the request, at Borrower's cost and expense, such further documentation or information as Lender or Investor may reasonably require, in order to enable:

(A) Lender to sell the Mortgage Loan to such Investor;

(B) Lender to obtain a refund of any commitment fee from any such Investor; or

(C) any such Investor to further sell or securitize the Mortgage Loan;

(2) ratify and affirm in writing the representations and warranties set forth in any Loan Document as of such date specified by Lender modified as necessary to reflect changes that have occurred subsequent to the Effective Date;

(3) confirm that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Loan Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail); and

(4) execute and deliver to Lender and/or any Investor such other documentation, including any amendments, corrections, deletions, or additions to this Loan Agreement or other Loan Document(s) as is reasonably required by Lender or such Investor.

(d) Limitations on Further Acts of Borrower.

Nothing in Section 5.02(b) and Section 5.02(c) shall require Borrower to do any further act that has the effect of:

(1) changing the economic terms of the Mortgage Loan set forth in the related commitment letter between Borrower and Lender;

(2) imposing on Borrower or Guarantor greater personal liability under the Loan Documents than that set forth in the related commitment letter between Borrower and Lender; or

(3) materially changing the rights and obligations of Borrower or Guarantor under the commitment letter.

(e) Financing Statements; Record Searches.

(1) Borrower shall pay all costs and expenses associated with:

(A) any filing or recording of any financing statements, including all continuation statements, termination statements, and amendments or any other filings related to security interests in or liens on collateral; and

(B) any record searches for financing statements that Lender may require.

(2) Borrower hereby authorizes Lender to file any financing statements, continuation statements, termination statements, and amendments (including an “all assets” or “all personal property” collateral description or words of similar import) in form and substance as Lender may require in order to protect and preserve Lender’s lien priority and security interest in the Mortgaged Property (and to the extent Lender has filed any such financing statements, continuation statements, or amendments prior to the Effective Date, such filings by Lender are hereby authorized and ratified by Borrower).

(f) Loan Document Taxes.

Borrower shall pay, on demand, any transfer taxes, documentary taxes, assessments, or charges made by any Governmental Authority in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of any of the Loan Documents or the Mortgage Loan.

ARTICLE 6 - PROPERTY USE, PRESERVATION, AND MAINTENANCE

Section 6.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 6.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Compliance with Law; Permits and Licenses.

(1) To Borrower's knowledge, all improvements to the Land and the use of the Mortgaged Property comply with all applicable laws, ordinances, statutes, rules, and regulations, including all applicable statutes, rules, and regulations pertaining to requirements for equal opportunity, anti-discrimination, fair housing, rent control, and environmental protection, and Borrower has no knowledge of any action or proceeding (or threatened action or proceeding) regarding noncompliance or nonconformity with any of the foregoing.

(2) To Borrower's knowledge, there is no evidence of any illegal activities on the Mortgaged Property.

(3) To Borrower's knowledge, no permits or approvals from any Governmental Authority, other than those previously obtained and furnished to Lender, are necessary for the commencement and completion of the Repairs or Replacements, as applicable, other than those permits or approvals which will be timely obtained in the ordinary course of business.

(4) All required permits, licenses, and certificates to comply with all zoning and land use statutes, laws, ordinances, rules, and regulations, and all applicable health, fire, safety, and building codes, and for the lawful use and operation of the Mortgaged Property, including certificates of occupancy, apartment licenses, or the equivalent, have been obtained and are in full force and effect.

(5) No portion of the Mortgaged Property has been purchased with the proceeds of any illegal activity.

(b) Property Characteristics.

(1) The Mortgaged Property contains not less than:

(A) the Property Square Footage;

(B) the Total Parking Spaces; and

(C) the Total Residential Units.

(2) No part of the Land is included or assessed under or as part of another tax lot or parcel, and no part of any other property is included or assessed under or as part of the tax lot or parcels for the Land.

(c) Property Ownership.

Borrower is sole owner or ground lessee of the Mortgaged Property.

(d) Condition of the Mortgaged Property.

(1) Borrower has not made any claims, and to the knowledge of Borrower no claims have been made, against any contractor, engineer, architect, or other party with respect to the construction or condition of the Mortgaged Property or the existence of any structural or other material defect therein; and

(2) neither the Land nor the Improvements has sustained any damage other than damage which has been fully repaired, or is fully insured and is being repaired in the ordinary course of business.

(e) Personal Property.

Borrower owns (or, to the extent disclosed on the Exceptions to Representations and Warranties Schedule, leases) all of the Personal Property that is material to and is used in connection with the management, ownership, and operation of the Mortgaged Property.

Section 6.02 Covenants

(a) Use of Property.

From and after the Effective Date, Borrower shall not, unless required by applicable law or Governmental Authority:

- (1) allow changes in the use of all or any part of the Mortgaged Property;
- (2) convert any individual dwelling units or common areas to commercial use;
- (3) initiate or acquiesce in a change in the zoning classification of the Land;
- (4) establish any condominium or cooperative regime with respect to the Mortgaged Property;
- (5) subdivide the Land; or
- (6) suffer, permit, or initiate the joint assessment of any Mortgaged Property with any other real property constituting a tax lot separate from such Mortgaged Property which could cause the part of the Land to be included or assessed under or as part of another tax lot or parcel, or any part of any other property to be included or assessed under or as part of the tax lot or parcels for the Land.

(b) Property Maintenance.

Borrower shall:

- (1) pay the expenses of operating, managing, maintaining, and repairing the Mortgaged Property (including insurance premiums, utilities, Repairs, and Replacements)

before the last date upon which each such payment may be made without any penalty or interest charge being added;

(2) keep the Mortgaged Property in good repair and marketable condition (ordinary wear and tear excepted) (including the replacement of Personalty and Fixtures with items of equal or better function and quality) and subject to Section 9.03(b)(3) and Section 10.03(d) restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition or condition immediately prior to the damage (if improved after the Effective Date), whether or not insurance proceeds are or any condemnation award is available to cover any costs of such restoration or repair;

(3) commence all Required Repairs, Additional Lender Repairs, and Additional Lender Replacements as follows:

(A) with respect to any Required Repairs, promptly following the Effective Date (subject to Force Majeure, if applicable), in accordance with the timelines set forth on the Required Repair Schedule, or if no timelines are provided, as soon as practical following the Effective Date;

(B) with respect to Additional Lender Repairs, in the event that Lender determines that Additional Lender Repairs are necessary from time to time or pursuant to Section 6.03(c), promptly following Lender's written notice of such Additional Lender Repairs (subject to Force Majeure, if applicable), commence any such Additional Lender Repairs in accordance with Lender's timelines, or if no timelines are provided, as soon as practical;

(C) with respect to Additional Lender Replacements, in the event that Lender determines that Additional Lender Replacements are necessary from time to time or pursuant to Section 6.03(c), promptly following Lender's written notice of such Additional Lender Replacements (subject to Force Majeure, if applicable), commence any such Additional Lender Replacements in accordance with Lender's timelines, or if no timelines are provided, as soon as practical;

(4) make, construct, install, diligently perform, and complete all Replacements and Repairs:

(A) in a good and workmanlike manner as soon as practicable following the commencement thereof, free and clear of any Liens, including mechanics' or materialmen's liens and encumbrances (except for Permitted Encumbrances and mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials);

(B) in accordance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority, including applicable building codes, special use permits, and environmental regulations;

(C) in accordance with all applicable insurance and bonding requirements; and

(D) within all timeframes required by Lender, and Borrower acknowledges that it shall be an Event of Default if Borrower abandons or ceases work on any Repair at any time prior to the completion of the Repairs for a period of longer than twenty (20) days (except when Force Majeure exists and Borrower is diligently pursuing the reinstatement of such work, provided, however, any such abandonment or cessation shall not in any event allow the Repair to be completed after the Completion Period, subject to Force Majeure); and

(5) subject to the terms of Section 6.03(a) provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender under a contract approved by Lender in writing;

(6) give written notice to Lender of, and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security for the Mortgage Loan, or Lender's rights under this Loan Agreement; and

(7) upon Lender's written request, submit to Lender any contracts or work orders described in Section 13.02(b).

(c) Property Preservation.

Borrower shall:

(1) not commit waste or abandon or (ordinary wear and tear excepted) permit impairment or deterioration of the Mortgaged Property;

(2) except as otherwise permitted herein in connection with Repairs and Replacements, not remove, demolish, or alter the Mortgaged Property or any part of the Mortgaged Property (or permit any tenant or any other person to do the same) except in connection with the replacement of tangible Personalty or Fixtures (provided such Personalty and Fixtures are replaced with items of equal or better function and quality);

(3) not engage in or knowingly permit, and shall take appropriate measures to prevent and abate or cease and desist, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Land or otherwise materially impair the lien created by the Security Instrument or Lender's interest in the Mortgaged Property;

(4) not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage required by this Loan Agreement; or

(5) not subject the Mortgaged Property to any voluntary, elective, or non-compulsory tax lien or assessment (or opt in to any voluntary, elective, or non-compulsory special tax district or similar regime).

(d) Property Inspections.

Borrower shall:

(1) permit Lender, its agents, representatives, and designees to enter upon and inspect the Mortgaged Property (including in connection with any Replacement or Repair, or to conduct any Environmental Inspection pursuant to the Environmental Indemnity Agreement), and shall cooperate and provide access to all areas of the Mortgaged Property (subject to the rights of tenants under the Leases):

(A) during normal business hours;

(B) at such other reasonable time upon reasonable notice of not less than one (1) Business Day;

(C) at any time when exigent circumstances exist; or

(D) at any time after an Event of Default has occurred and is continuing; and

(2) pay for reasonable costs or expenses incurred by Lender or its agents in connection with any such inspections.

(e) Compliance with Laws.

Borrower shall:

(1) comply with all laws, ordinances, statutes, rules, and regulations of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, statutes, rules and regulations, and covenants pertaining to construction of improvements on the Land, fair housing, and requirements for equal opportunity, anti-discrimination, environmental protection, and Leases;

(2) maintain all required permits, licenses, and certificates necessary to comply with all zoning and land use statutes, laws, ordinances, rules and regulations, and all applicable health, fire, safety, and building codes and for the lawful use and operation of the Mortgaged Property, including certificates of occupancy, apartment licenses, or the equivalent;

(3) comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits;

(4) at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 6.02(e); and

(5) promptly after receipt or notification thereof, provide Lender copies of any building code or zoning violation from any Governmental Authority with respect to the Mortgaged Property.

Section 6.03 Mortgage Loan Administration Matters Regarding the Property.

(a) Property Management.

From and after the Effective Date, each property manager and each property management agreement must be approved by Lender. If, in connection with the making of the Mortgage Loan, or at any later date, Lender waives in writing the requirement that Borrower enter into a written contract for management of the Mortgaged Property, and Borrower later elects to enter into a written contract or change the management of the Mortgaged Property, such new property manager or the property management agreement must be approved by Lender. As a condition to any approval by Lender, Lender may require that Borrower and such new property manager enter into a collateral assignment of the property management agreement on a form approved by Lender.

(b) Subordination of Fees to Affiliated Property Managers.

Any property manager that is a Borrower Affiliate to whom fees are payable for the management of the Mortgaged Property must enter into an assignment of management agreement or other agreement with Lender, in a form approved by Lender, providing for subordination of those fees and such other provisions as Lender may require.

(c) Physical Needs Assessment.

If, in connection with any inspection of the Mortgaged Property, Lender determines that the condition of the Mortgaged Property has deteriorated (ordinary wear and tear excepted) since the Effective Date, Lender may obtain, at Borrower's expense, a physical needs assessment of the Mortgaged Property. Lender's right to obtain a physical needs assessment pursuant to this Section 6.03(c) shall be in addition to any other rights available to Lender under this Loan Agreement in connection with any such deterioration. Any such inspection or physical needs assessment may result in Lender requiring Additional Lender Repairs or Additional Lender Replacements as further described in Section 13.02(a)(9)(B).

ARTICLE 7 - LEASES AND RENTS

Section 7.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 7.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Assignment of Rents.

Borrower has not executed any:

(1) prior assignment of Rents (other than an assignment of Rents securing prior indebtedness that has been paid off and discharged or will be paid off and discharged with the proceeds of the Mortgage Loan); or

(2) instrument which would prevent Lender from exercising its rights under this Loan Agreement or the Security Instrument.

(b) Prepaid Rents.

Borrower has not accepted, and does not expect to receive prepayment of, any Rents for more than two (2) months prior to the due dates of such Rents.

Section 7.02 Covenants.

(a) Leases.

Borrower shall:

(1) comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits;

(2) surrender possession of the Mortgaged Property, including all Leases and all security deposits and prepaid Rents, immediately upon appointment of a receiver or Lender's entry upon and taking of possession and control of the Mortgaged Property, as applicable;

(3) require that all Residential Leases have initial lease terms of not less than six (6) months and not more than twenty-four (24) months (however, if customary in the applicable market for properties comparable to the Mortgaged Property, Residential Leases with terms of less than six (6) months (but in no case less than one (1) month) may be permitted with Lender's prior written consent);

(4) not permit any Residential Lease to contain an option to purchase or right of first refusal to purchase or right of first offer to purchase (except when such option or right is required by applicable law); and

(5) promptly provide Lender a copy of any non-Residential Lease at the time such Lease is executed (subject to Lender's consent rights for Material Commercial Leases in Section 7.02(b)), and, upon Lender's written request, promptly provide Lender a copy of any Residential Lease then in effect.

(b) Commercial Leases.

(1) With respect to Material Commercial Leases, Borrower shall not:

(A) enter into any Material Commercial Lease except with the prior written consent of Lender; or

(B) modify the terms of, extend, or terminate any Material Commercial Lease (including any Material Commercial Lease in existence on the Effective Date) without the prior written consent of Lender.

(2) With respect to any non-Material Commercial Lease, Borrower shall not:

(A) enter into any non-Material Commercial Lease that materially alters the use and type of operation of the premises subject to the Lease in effect as of the Effective Date or reduces the number or size of residential units at the Mortgaged Property; or

(B) modify the terms of any non-Material Commercial Lease (including any non-Material Commercial Lease in existence on the Effective Date) in any way that materially alters the use and type of operation of the premises subject to such non-Material Commercial Lease in effect as of the Effective Date, reduces the number or size of residential units at the Mortgaged Property, or results in such non-Material Commercial Lease being deemed a Material Commercial Lease.

(3) With respect to any Material Commercial Lease or non-Material Commercial Lease, Borrower shall cause the applicable tenant to provide within ten (10) days after a request by Borrower, a certificate of estoppel, or if not provided by tenant within such ten (10) day period, Borrower shall provide such certificate of estoppel, certifying:

(A) that such Material Commercial Lease or non-Material Commercial Lease is unmodified and in full force and effect (or if there have been modifications, that such Material Commercial Lease or non-Material Commercial Lease is in full force and effect as modified and stating the modifications);

- (B) the term of the Lease including any extensions thereto;
- (C) the dates to which the Rent and any other charges hereunder have been paid by tenant;
- (D) the amount of any security deposit delivered to Borrower as landlord;
- (E) whether or not Borrower is in default (or whether any event or condition exists which, with the passage of time, would constitute an event of default) under such Lease;
- (F) the address to which notices to tenant should be sent; and
- (G) any other information as may be reasonably required by Lender.

(c) Payment of Rents.

Borrower shall:

- (1) pay to Lender upon demand all Rents after an Event of Default has occurred and is continuing;
- (2) cooperate with Lender's efforts in connection with the assignment of Rents set forth in the Security Instrument; and
- (3) not accept Rent under any Lease (whether residential or non-residential) for more than two (2) months in advance.

(d) Assignment of Rents.

Borrower shall not:

- (1) perform any acts and shall not execute any instrument that would prevent Lender from exercising its rights under the assignment of Rents granted in the Security Instrument or in any other Loan Document; or
- (2) interfere with Lender's collection of such Rents.

(e) Further Assignments of Leases and Rents.

Borrower shall execute and deliver any further assignments of Leases and Rents as Lender may reasonably require.

(f) Options to Purchase by Tenants.

No Lease (whether a Residential Lease or a non-Residential Lease) shall contain an option to purchase, right of first refusal to purchase or right of first offer to purchase, except as required by applicable law.

Section 7.03 Mortgage Loan Administration Regarding Leases and Rents.

(a) Material Commercial Lease Requirements.

Each Material Commercial Lease, including any renewal or extension of any Material Commercial Lease in existence as of the Effective Date, shall provide, directly or pursuant to a subordination, non-disturbance and attornment agreement approved by Lender, that:

(1) the tenant shall, upon written notice from Lender after the occurrence of an Event of Default, pay all Rents payable under such Lease to Lender;

(2) such Lease and all rights of the tenant thereby are expressly subordinate to the lien of the Security Instrument;

(3) the tenant shall attorn to Lender and any purchaser at a Foreclosure Event (such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a Foreclosure Event or by Lender in any manner);

(4) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a Foreclosure Event may from time to time request; and

(5) such Lease shall not terminate as a result of a Foreclosure Event unless Lender or any other purchaser at such Foreclosure Event affirmatively elects to terminate such Lease pursuant to the terms of the subordination, non-disturbance and attornment agreement.

(b) Residential Lease Form.

All Residential Leases entered into from and after the Effective Date shall be on forms approved by Lender.

ARTICLE 8 - BOOKS AND RECORDS; FINANCIAL REPORTING

Section 8.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 8.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Financial Information.

All financial statements and data, including statements of cash flow and income and operating expenses, that have been delivered to Lender in respect of the Mortgaged Property:

- (1) are true, complete, and correct in all material respects; and
- (2) accurately represent the financial condition of the Mortgaged Property as of such date.

(b) No Change in Facts or Circumstances.

All information in the Loan Application and in all financial statements, rent rolls, reports, certificates, and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

Section 8.02 Covenants.

(a) Obligation to Maintain Accurate Books and Records.

Borrower shall keep and maintain at all times at the Mortgaged Property or the property management agent's offices or Borrower's General Business Address and, upon Lender's written request, shall make available at the Land:

- (1) complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property; and
- (2) copies of all written contracts, Leases, and other instruments that affect Borrower or the Mortgaged Property.

(b) Items to Furnish to Lender.

Borrower shall furnish to Lender the following, certified as true, complete, and accurate in all material respects, by an individual having authority to bind Borrower (or Guarantor, as applicable), in such form and with such detail as Lender reasonably requires:

- (1) within forty-five (45) days after the end of each first, second, and third calendar quarter, a statement of income and expenses for Borrower on a year-to-date basis as of the end of each calendar quarter;
- (2) within one hundred twenty (120) days after the end of each calendar year:
 - (A) for any Borrower and any Guarantor that is an entity, a statement of income and expenses and a statement of cash flows for such calendar year;

(B) for any Borrower and any Guarantor that is an individual, or a trust established for estate-planning purposes, a personal financial statement for such calendar year;

(C) when requested in writing by Lender, balance sheet(s) showing all assets and liabilities of Borrower and Guarantor and a statement of all contingent liabilities as of the end of such calendar year;

(D) a written certification ratifying and affirming that:

(i) Borrower has taken no action in violation of Section 4.02(d) regarding its single asset status;

(ii) Borrower has received no notice of any building code violation, or if Borrower has received such notice, evidence of remediation;

(iii) Borrower has made no application for rezoning nor received any notice that the Mortgaged Property has been or is being rezoned; and

(iv) Borrower has taken no action and has no knowledge of any action that would violate the provisions of Section 11.02(b)(1)(F) regarding liens encumbering the Mortgaged Property;

(E) an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts; and

(F) written confirmation of:

(i) any changes occurring since the Effective Date (or that no such changes have occurred since the Effective Date) in (1) the direct owners of Borrower, (2) the indirect owners (and any non-member managers) of Borrower that Control Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), or (3) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the ownership interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), and their respective interests;

(ii) the names of all officers and directors of (1) any Borrower which is a corporation, (2) any corporation which is a general partner of any Borrower which is a partnership, or (3) any corporation which is the

managing member or non-member manager of any Borrower which is a limited liability company; and

(iii) the names of all managers who are not members of (1) any Borrower which is a limited liability company, (2) any limited liability company which is a general partner of any Borrower which is a partnership, or (3) any limited liability company which is the managing member or non-member manager of any Borrower which is a limited liability company; and

(G) if not already provided pursuant to Section 8.02(b)(2)(A) above, a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each calendar year;

(3) within forty-five (45) days after the end of each first, second, and third calendar quarter and within one hundred twenty (120) days after the end of each calendar year, and at any other time upon Lender's written request, a rent schedule for the Mortgaged Property showing the name of each tenant and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Lender; and

(4) upon Lender's written request (but, absent an Event of Default, no more frequently than once in any six (6) month period):

(A) any item described in Section 8.02(b)(1) or Section 8.02(b)(2) for Borrower, certified as true, complete, and accurate by an individual having authority to bind Borrower;

(B) a property management or leasing report for the Mortgaged Property, showing the number of rental applications received from tenants or prospective tenants and deposits received from tenants or prospective tenants, and any other information requested by Lender;

(C) a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each month for such period as requested by Lender, which statement shall be delivered within thirty (30) days after the end of such month requested by Lender;

(D) a statement of real estate owned directly or indirectly by Borrower and Guarantor for such period as requested by Lender, which statement(s) shall be delivered within thirty (30) days after the end of such month requested by Lender; and

(E) a statement that identifies:

(i) the direct owners of Borrower and their respective interests;

(ii) the indirect owners (and any non-member managers) of Borrower that Control Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests; and

(iii) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the ownership interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests.

(c) Audited Financials.

In the event Borrower or Guarantor receives or obtains any audited financial statements and such financial statements are required to be delivered to Lender under Section 8.02(b), Borrower shall deliver or cause to be delivered to Lender the audited versions of such financial statements.

(d) Delivery of Books and Records.

If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender, upon written demand, all books and records relating to the Mortgaged Property or its operation.

Section 8.03 Mortgage Loan Administration Matters Regarding Books and Records and Financial Reporting.

(a) Lender's Right to Obtain Audited Books and Records.

Lender may require that Borrower's or Guarantor's books and records be audited, at Borrower's expense, by an independent certified public accountant selected by Lender in order to produce or audit any statements, schedules, and reports of Borrower, Guarantor, or the Mortgaged Property required by Section 8.02, if:

(1) Borrower fails to provide in a timely manner the statements, schedules, and reports required by Section 8.02 and, thereafter, Borrower or Guarantor fails to provide such statements, schedules, and reports within the cure period provided in Section 14.01(c); or

(2) the statements, schedules, and reports submitted to Lender pursuant to Section 8.02 are not full, complete, and accurate in all material respects as determined by Lender and, thereafter, Borrower or Guarantor fails to provide such statements, schedules, and reports within the cure period provided in Section 14.01(c); or

(3) an Event of Default has occurred and is continuing.

Notwithstanding the foregoing, the ability of Lender to require the delivery of audited financial statements shall be limited to not more than once per Borrower's fiscal year so long as no Event of Default has occurred during such fiscal year (or any event which, with the giving of

written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing). Borrower shall cooperate with Lender in order to satisfy the provisions of this Section 8.03(a). All related costs and expenses of Lender shall become immediately due and payable within ten (10) Business Days after demand therefor.

(b) Credit Reports; Credit Score.

No more often than once in any twelve (12) month period, Lender is authorized to obtain a credit report (if applicable) on Borrower or Guarantor, the cost of which report shall be paid by Borrower. Lender is authorized to obtain a Credit Score (if applicable) for Borrower or Guarantor at any time at Lender's expense.

ARTICLE 9 - INSURANCE

Section 9.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 9.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Compliance with Insurance Requirements.

Borrower is in compliance with Lender's insurance requirements (or has obtained a written waiver from Lender for any non-compliant coverage) and has timely paid all premiums on all required insurance policies.

(b) Property Condition.

(1) The Mortgaged Property has not been damaged by fire, water, wind, or other cause of loss; or

(2) if previously damaged, any previous damage to the Mortgaged Property has been repaired and the Mortgaged Property has been fully restored.

Section 9.02 Covenants.

(a) Insurance Requirements.

(1) As required by Lender and applicable law, and as may be modified from time to time, Borrower shall:

(A) keep the Improvements insured at all times against any hazards, which insurance shall include coverage against loss by fire and all other perils insured by the "special causes of loss" coverage form, general boiler and machinery coverage, business income coverage, and flood (if any of the Improvements are located in an area identified by the Federal Emergency

Management Agency (or any successor) as an area having special flood hazards and to the extent flood insurance is available in that area), and may include sinkhole insurance, mine subsidence insurance, earthquake insurance, terrorism insurance, windstorm insurance and, if the Mortgaged Property does not conform to applicable building, zoning, or land use laws, ordinance, and law coverage;

(B) maintain at all times commercial general liability insurance, workmen's compensation insurance, and such other liability, errors and omissions, and fidelity insurance coverage; and

(C) maintain builder's risk and public liability insurance, and other insurance in connection with completing the Repairs or Replacements, as applicable.

(b) Delivery of Policies, Renewals, Notices, and Proceeds.

Borrower shall:

(1) cause all insurance policies (including any policies not otherwise required by Lender) which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to Lender (or Lender's assigns) to be so endorsed;

(2) promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums;

(3) deliver evidence, in form and content acceptable to Lender, that each required insurance policy under this Article 9 has been renewed not less than fifteen (15) days prior to the applicable expiration date, and (if such evidence is other than an original or duplicate original of a renewal policy) deliver the original or duplicate original of each renewal policy (or such other evidence of insurance as may be required by or acceptable to Lender) in form and content acceptable to Lender within ninety (90) days after the applicable expiration date of the original insurance policy;

(4) provide immediate written notice to the insurance company and to Lender of any event of loss;

(5) execute such further evidence of assignment of any insurance proceeds as Lender may require; and

(6) provide immediate written notice to Lender of Borrower's receipt of any insurance proceeds under any insurance policy required by Section 9.02(a)(1)(A) above and, if requested by Lender, deliver to Lender all of such proceeds received by Borrower to be applied by Lender in accordance with this Article 9.

Section 9.03 Mortgage Loan Administration Matters Regarding Insurance

(a) Lender's Ongoing Insurance Requirements.

Borrower acknowledges that Lender's insurance requirements may change from time to time. All insurance policies and renewals of insurance policies required by this Loan Agreement shall be:

- (1) in the form and with the terms required by Lender;
- (2) in such amounts, with such maximum deductibles and for such periods required by Lender; and
- (3) issued by insurance companies satisfactory to Lender.

BORROWER ACKNOWLEDGES THAT ANY FAILURE OF BORROWER TO COMPLY WITH THE REQUIREMENTS SET FORTH IN SECTION 9.02(a) OR SECTION 9.02(b)(3) ABOVE SHALL PERMIT LENDER TO PURCHASE THE APPLICABLE INSURANCE AT BORROWER'S COST. SUCH INSURANCE MAY, BUT NEED NOT, PROTECT BORROWER'S INTERESTS. THE COVERAGE THAT LENDER PURCHASES MAY NOT PAY ANY CLAIM THAT BORROWER MAKES OR ANY CLAIM THAT IS MADE AGAINST BORROWER IN CONNECTION WITH THE MORTGAGED PROPERTY. IF LENDER PURCHASES INSURANCE FOR THE MORTGAGED PROPERTY AS PERMITTED HEREUNDER, BORROWER WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AT THE DEFAULT RATE AND ANY OTHER CHARGES LENDER MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR THE EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE SHALL BE ADDED TO BORROWER'S TOTAL OUTSTANDING BALANCE OR OBLIGATION AND SHALL CONSTITUTE ADDITIONAL INDEBTEDNESS. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE BORROWER MAY BE ABLE TO OBTAIN ON ITS OWN. BORROWER MAY LATER CANCEL ANY INSURANCE PURCHASED BY LENDER, BUT ONLY AFTER PROVIDING EVIDENCE THAT BORROWER HAS OBTAINED INSURANCE AS REQUIRED BY THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS.

(b) Application of Proceeds on Event of Loss.

- (1) Upon an event of loss, Lender may, at Lender's option:
 - (A) hold such proceeds to be applied to reimburse Borrower for the cost of Restoration (in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily residential properties);or

(B) apply such proceeds to the payment of the Indebtedness, whether or not then due; provided, however, Lender shall not apply insurance proceeds to the payment of the Indebtedness and shall permit Restoration pursuant to Section 9.03(b)(1)(A) if all of the following conditions are met:

(i) no Event of Default has occurred and is continuing (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing);

(ii) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(iii) Lender determines that the net operating income generated by the Mortgaged Property after completion of the Restoration will be sufficient to support a debt service coverage ratio not less than the debt service coverage ratio immediately prior to the event of loss, but in no event less than 1.0x (the debt service coverage ratio shall be calculated on a thirty (30) year amortizing basis (if applicable, on a *proforma* basis approved by Lender) in all events and shall include all operating costs and other expenses, Imposition Deposits, deposits to Collateral Accounts, and Mortgage Loan repayment obligations);

(iv) Lender determines that the Restoration will be completed before the earlier of (1) one year before the stated Maturity Date, or (2) one year after the date of the loss or casualty; and

(v) Borrower provides Lender, upon written request, evidence of the availability during and after the Restoration of the insurance required to be maintained by Borrower pursuant to this Loan Agreement.

After the completion of Restoration in accordance with the above requirements, as determined by Lender, the balance, if any, of such proceeds shall be returned to Borrower.

(2) Notwithstanding the foregoing, if any loss is estimated to be in an amount equal to or less than \$50,000, Lender shall not exercise its rights and remedies as power-of-attorney herein and shall allow Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such policies of property damage insurance, and to collect and receive the proceeds of property damage insurance; provided that each of the following conditions shall be satisfied:

(A) Borrower shall immediately notify Lender of the casualty giving rise to the claim;

(B) no Event of Default has occurred and is continuing (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing);

(C) the Restoration will be completed before the earlier of (i) one year before the stated Maturity Date, or (ii) one year after the date of the loss or casualty;

(D) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(E) all proceeds of property damage insurance shall be issued in the form of joint checks to Borrower and Lender;

(F) all proceeds of property damage insurance shall be applied to the Restoration;

(G) Borrower shall deliver to Lender evidence satisfactory to Lender of completion of the Restoration and obtainment of all lien releases;

(H) Borrower shall have complied to Lender's satisfaction with the foregoing requirements on any prior claims subject to this provision, if any; and

(I) Lender shall have the right to inspect the Mortgaged Property (subject to the rights of tenants under the Leases).

(3) If Lender elects to apply insurance proceeds to the Indebtedness in accordance with the terms of this Loan Agreement, Borrower shall not be obligated to restore or repair the Mortgaged Property. Rather, Borrower shall restrict access to the damaged portion of the Mortgaged Property and, at its expense and regardless of whether such costs are covered by insurance, clean up any debris resulting from the casualty event, and, if required or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section 9.03(b) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Loan Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Loan Agreement.

(c) Payment Obligations Unaffected.

The application of any insurance proceeds to the Indebtedness shall not extend or postpone the Maturity Date, or the due date or the full payment of any Monthly Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this

Loan Agreement or in any other Loan Document. Notwithstanding the foregoing, if Lender applies insurance proceeds to the Indebtedness in connection with a casualty of less than the entire Mortgaged Property, and after such application of proceeds the debt service coverage ratio (as determined by Lender) is less than 1.25x based on the then-applicable Monthly Debt Service Payment and the anticipated on-going net operating income of the Mortgaged Property after such casualty event, then Lender may, at its discretion, permit an adjustment to the Monthly Debt Service Payments that become due and owing thereafter, based on Lender's then-current underwriting requirements. In no event shall the preceding sentence obligate Lender to make any adjustment to the Monthly Debt Service Payments.

(d) Foreclosure Sale.

If the Mortgaged Property is transferred pursuant to a Foreclosure Event or Lender otherwise acquires title to the Mortgaged Property, Borrower acknowledges that Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums applicable to the Mortgaged Property and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such Foreclosure Event or such acquisition.

(e) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

ARTICLE 10 - CONDEMNATION

Section 10.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 10.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Condemnation Action.

No part of the Mortgaged Property has been taken in connection with a Condemnation Action.

(b) Pending Condemnation Actions.

No Condemnation Action is pending nor, to Borrower's knowledge, is threatened for the partial or total condemnation or taking of the Mortgaged Property.

Section 10.02 Covenants.

(a) Notice of Condemnation.

Borrower shall:

(1) promptly notify Lender of any Condemnation Action of which Borrower has knowledge;

(2) appear in and prosecute or defend, at its own cost and expense, any action or proceeding relating to any Condemnation Action, including any defense of Lender's interest in the Mortgaged Property tendered to Borrower by Lender, unless otherwise directed by Lender in writing; and

(3) execute such further evidence of assignment of any condemnation award in connection with a Condemnation Action as Lender may require.

(b) Condemnation Proceeds.

Borrower shall pay to Lender all awards or proceeds of a Condemnation Action promptly upon receipt.

Section 10.03 Mortgage Loan Administration Matters Regarding Condemnation.

(a) Application of Condemnation Awards.

Lender may apply any awards or proceeds of a Condemnation Action, after the deduction of Lender's expenses incurred in the collection of such amounts, to:

(1) the restoration or repair of the Mortgaged Property, if applicable;

(2) the payment of the Indebtedness, with the balance, if any, paid to Borrower; or

(3) Borrower.

(b) Payment Obligations Unaffected.

The application of any awards or proceeds of a Condemnation Action to the Indebtedness shall not extend or postpone the Maturity Date, or the due date or the full payment of any Monthly Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this Loan Agreement or in any other Loan Document.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

(d) Preservation of Mortgaged Property.

If a Condemnation Action results in or from damage to the Mortgaged Property and Lender elects to apply the proceeds or awards from such Condemnation Action to the Indebtedness in accordance with the terms of this Loan Agreement, Borrower shall not be obligated to restore or repair the Mortgaged Property. Rather, Borrower shall restrict access to any portion of the Mortgaged Property which has been damaged or destroyed in connection with such Condemnation Action and, at Borrower's expense and regardless of whether such costs are covered by insurance, clean up any debris resulting in or from the Condemnation Action, and, if required by any Governmental Authority or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section 10.03(d) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Loan Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Loan Agreement.

ARTICLE 11 - LIENS, TRANSFERS, AND ASSUMPTIONS

Section 11.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 11.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) No Labor or Materialmen's Claims.

All parties furnishing labor and materials on behalf of Borrower have been paid in full. There are no mechanics' or materialmen's liens (whether filed or unfiled) outstanding for work, labor, or materials (and no claims or work outstanding that under applicable law could give rise to any such mechanics' or materialmen's liens) affecting the Mortgaged Property, whether prior to, equal with, or subordinate to the lien of the Security Instrument.

(b) No Other Interests.

No Person:

(1) other than Borrower has any possessory ownership or interest in the Mortgaged Property or right to occupy the same except under and pursuant to the provisions of existing Leases, the material terms of all such Leases having been previously disclosed in writing to Lender; nor

(2) has an option, right of first refusal, or right of first offer (except as required by applicable law) to purchase the Mortgaged Property, or any interest in the Mortgaged Property.

Section 11.02 Covenants.

(a) Liens; Encumbrances.

Borrower shall not permit the grant, creation, or existence of any Lien, whether voluntary, involuntary, or by operation of law, on all or any portion of the Mortgaged Property (including any voluntary, elective, or non-compulsory tax lien or assessment pursuant to a voluntary, elective, or non-compulsory special tax district or similar regime) other than:

(1) Permitted Encumbrances;

(2) the creation of any tax lien, municipal lien, utility lien, mechanics' lien, materialmen's lien, or judgment lien against the Mortgaged Property if bonded off, released of record, or otherwise remedied to Lender's satisfaction within sixty (60) days after the earlier of the date Borrower has actual notice or constructive notice of the existence of such lien, or the creation of any mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials; and

(3) the lien created by the Loan Documents.

(b) Transfers.

(1) Mortgaged Property.

Borrower shall not Transfer, or cause or permit a Transfer of, all or any part of the Mortgaged Property (including any interest in the Mortgaged Property) other than:

(A) a Transfer to which Lender has consented in writing;

(B) Leases permitted pursuant to the Loan Documents;

(C) [reserved];

(D) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality which are free of Liens (other than those created by the Loan Documents);

(E) the grant of an easement, servitude, or restrictive covenant to which Lender has consented, and Borrower has paid to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower's request;

(F) a lien permitted pursuant to Section 11.02(a) of this Loan Agreement; or

(G) the conveyance of the Mortgaged Property following a Foreclosure Event.

(2) Interests in Borrower, Key Principal, or Guarantor.

Other than a Transfer to which Lender has consented in writing, Borrower shall not Transfer, or cause or permit to be Transferred:

(A) any direct or indirect ownership interest in Borrower, Key Principal, or Guarantor (if applicable) if such Transfer would cause a change in Control;

(B) a direct or indirect Restricted Ownership Interest in Borrower, Key Principal, or Guarantor (if applicable);

(C) fifty percent (50%) or more of Key Principal's or Guarantor's direct or indirect ownership interests in Borrower that existed on the Effective Date (individually or on an aggregate basis);

(D) the economic benefits or rights to cash flows attributable to any ownership interests in Borrower, Key Principal, or Guarantor (if applicable) separate from the Transfer of the underlying ownership interests if the Transfer of the underlying ownership interest is prohibited by this Loan Agreement; or

(E) a Transfer to a new key principal or new guarantor (if such new key principal or guarantor is an entity), which entity has an organizational existence termination date that ends before the Maturity Date.

Notwithstanding the foregoing, if any direct or indirect ownership interests in Borrower, Key Principal, or Guarantor are owned by a Publicly-Held Corporation or a Publicly-Held Trust, a Transfer of any ownership interests in such Publicly-Held Corporation or Publicly-Held Trust shall not be prohibited under this Loan Agreement as long as (i) such Transfer does not result in a conversion of such Publicly-Held Corporation or Publicly-Held Trust to a privately held entity, and (ii) Borrower provides written notice to Lender not later than thirty (30) days thereafter of any such Transfer that results in any Person owning ten percent (10%) or more of the ownership interests in such Publicly-Held Corporation or Publicly-Held Trust.

(3) Name Change or Entity Conversion.

Lender shall consent to Borrower changing its name, changing its jurisdiction of organization, or converting from one type of legal entity into another type of legal entity

for any lawful purpose, provided that Borrower shall not be permitted to convert to a Delaware Statutory Trust, and provided further that:

(A) Lender receives written notice at least thirty (30) days prior to such change or conversion, which notice shall include organizational charts that reflect the structure of Borrower both prior to and subsequent to such name change or entity conversion;

(B) such Transfer is not otherwise prohibited under the provisions of Section 11.02(b)(2);

(C) Borrower executes an amendment to this Loan Agreement and any other Loan Documents required by Lender documenting the name change or entity conversion;

(D) Borrower agrees and acknowledges, at Borrower's expense, that (i) Borrower will execute and record in the land records any instrument required by the Property Jurisdiction to be recorded to evidence such name change or entity conversion (or provide Lender with written confirmation from the title company (via electronic mail or letter) that no such instrument is required), (ii) Borrower will execute any documents required by Lender, including the amendment to this Loan Agreement, and allow such documents to be recorded or filed in the land records of the Property Jurisdiction, (iii) Lender will obtain a "date down" endorsement to the Lender's Loan Policy (or obtain a new Loan Policy if a "date down" endorsement is not available in the Property Jurisdiction), evidencing title to the Mortgaged Property being in the name of the successor entity and the Lien of the Security Instrument against the Mortgaged Property, and (iv) Lender will file any required UCC-3 financing statement and make any other filing deemed necessary to maintain the priority of its Liens in the Mortgaged Property; and

(E) no later than ten (10) days subsequent to such name change or entity conversion, Borrower shall provide Lender (i) the documentation filed with the appropriate office in Borrower's state of formation evidencing such name change or entity conversion, (ii) copies of the organizational documents of Borrower, including any amendments, filed with the appropriate office in Borrower's state of formation reflecting the post-conversion Borrower name, form of organization, and structure, and (iii) if available, new certificates of good standing or valid formation for Borrower.

(c) No Other Indebtedness and Mezzanine Financing.

Other than the Mortgage Loan, Borrower shall not incur or be obligated at any time with respect to any loan or other indebtedness (except trade payables as otherwise permitted in this Loan Agreement), including any indebtedness secured by a Lien on, or the cash flows from, the Mortgaged Property. Neither Borrower nor any direct or indirect owner of Borrower shall (1)

incur any “mezzanine debt” or issue any Preferred Equity other than Permitted Preferred Equity, or (2) incur any similar indebtedness or issue any similar equity.

Section 11.03 Mortgage Loan Administration Matters Regarding Liens, Transfers, and Assumptions

(a) Assumption of Mortgage Loan.

Lender shall consent to a Transfer of the Mortgaged Property to and an assumption of the Mortgage Loan by a new borrower if each of the following conditions is satisfied prior to the Transfer:

(1) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(a);

(2) no Event of Default has occurred and is continuing, and no event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing;

(3) Lender determines that:

(A) the proposed new borrower, new key principal, and any other new guarantor fully satisfy all of Lender’s then-applicable borrower, key principal, or guarantor eligibility, credit, management, and other loan underwriting standards, which shall include an analysis of (i) the previous relationships between Lender and the proposed new borrower, new key principal, new guarantor, and any Person in Control of them, and the organization of the new borrower, new key principal, and new guarantor (if applicable), and (ii) the operating and financial performance of the Mortgaged Property, including physical condition and occupancy;

(B) none of the proposed new borrower, new key principal, and any new guarantor, or any owners of the proposed new borrower, new key principal, and any new guarantor, are a Prohibited Person; and

(C) none of the proposed new borrower, new key principal, and any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date;

(4) [reserved];

(5) the proposed new borrower has:

(A) executed an assumption agreement acceptable to Lender that, among other things, requires the proposed new borrower to assume and perform all obligations of Borrower (or any other transferor), and that may require that the

new borrower comply with any provisions of any Loan Document that previously may have been waived by Lender for Borrower, subject to the terms of Section 11.03(g);

(B) if required by Lender, delivered to the Title Company for filing and/or recording in all applicable jurisdictions, all applicable Loan Documents including the assumption agreement to correctly evidence the assumption and the confirmation, continuation, perfection, and priority of the Liens created hereunder and under the other Loan Documents; and

(C) delivered to Lender a “date-down” endorsement to the Title Policy acceptable to Lender (or a new title insurance policy if a “date-down” endorsement is not available);

(6) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(A) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(B) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender;

(7) Lender has reviewed and approved the Transfer documents; and

(8) Lender has received the fees described in Section 11.03(g).

(b) Transfers to Key Principal-Owned Affiliates or Guarantor-Owned Affiliates.

(1) Except as otherwise covered in Section 11.03(b)(2) below, Transfers of direct or indirect ownership interests in Borrower to Key Principal or Guarantor, or to a transferee through which Key Principal or Guarantor (as applicable) Controls Borrower with the same rights and abilities as Key Principal or Guarantor (as applicable) Controls Borrower immediately prior to the date of such Transfer, shall be consented to by Lender if:

(A) such Transfer satisfies the applicable requirements of Section 11.03(a), other than Section 11.03(a)(5); and

(B) after giving effect to any such Transfer, each Key Principal or Guarantor (as applicable) continues to own not less than fifty percent (50%) of such Key Principal’s or Guarantor’s (as applicable) direct or indirect ownership interests in Borrower that existed on the Effective Date.

(2) Transfers of direct or indirect interests in Borrower held by a Key Principal or Guarantor to other Key Principals or Guarantors, as applicable, shall be consented to by Lender if such Transfer satisfies the following conditions:

(A) the Transfer does not cause a change in the Control of Borrower;
and

(B) the transferor Key Principal or Guarantor maintains the same right and ability to Control Borrower as existed prior to the Transfer.

If the conditions set forth in this Section 11.03(b) are satisfied, the Transfer Fee shall be waived provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(c) Estate Planning.

Notwithstanding the provisions of Section 11.02(b)(2), so long as (1) the Transfer does not cause a change in the Control of Borrower, and (2) the transferor Key Principal or Guarantor, as applicable, maintains the same right and ability to Control Borrower as existed prior to the Transfer, Lender shall consent to Transfers of direct or indirect ownership interests in Borrower held by a Key Principal or Guarantor and Transfers of direct or indirect ownership interests, in an entity Key Principal or entity Guarantor, to:

(A) Immediate Family Members of such Key Principal or Guarantor each of whom must have obtained a legal age of majority;

(B) United States domiciled trusts established for the benefit of the transferor Key Principal or transferor Guarantor, or Immediate Family Members of the transferor Key Principal or the transferor Guarantor; or

(C) partnerships or limited liability companies of which the partners or members, respectively, are comprised entirely of (i) such Key Principal or Guarantor and Immediate Family Members (each of whom must have obtained the legal age of majority) of such Key Principal or Guarantor, (ii) Immediate Family Members (each of whom must have obtained the legal age of majority) of such Key Principal or Guarantor, or (iii) United States domiciled trusts established for the benefit of the transferor Key Principal or transferor Guarantor, or Immediate Family Members of the transferor Key Principal or the transferor Guarantor.

If the conditions set forth in this Section 11.03(c) are satisfied, the Transfer Fee shall be waived provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(d) Termination or Revocation of Trust.

If any of Borrower, Guarantor, or Key Principal is a trust, or if Control of Borrower, Guarantor, or Key Principal is Transferred or if a Restricted Ownership Interest of Borrower, Guarantor, or Key Principal would be Transferred due to the termination or revocation of a trust, the termination or revocation of such trust is an unpermitted Transfer; provided that the termination or revocation of the trust due to the death of an individual trustor shall not be considered an unpermitted Transfer so long as:

- (1) Lender is notified within thirty (30) days of the death; and
- (2) such Borrower, Guarantor, Key Principal, or other Person, as applicable, is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 11.03(a) within ninety (90) days of the date of the death causing the termination or revocation.

If the conditions set forth in this Section 11.03(d) are satisfied, the Transfer Fee shall be waived; provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(e) Death of Key Principal or Guarantor; Transfer Due to Death.

(1) If a Key Principal or Guarantor that is a natural person dies, or if Control of Borrower, Guarantor, or Key Principal is Transferred, or if a Restricted Ownership Interest of Borrower, Guarantor, or Key Principal would be Transferred as a result of the death of a Person (except in the case of trusts which is addressed in Section 11.03(d)), Borrower must notify Lender in writing within ninety (90) days in the event of such death. Unless waived in writing by Lender, the deceased shall be replaced by an individual or entity within one hundred eighty (180) days, subject to Borrower's satisfaction of the following conditions:

(A) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(e);

(B) Lender determines that:

(i) the proposed new key principal and any other new guarantor (or Person Controlling such key principal or guarantor) fully satisfies all of Lender's then-applicable key principal or guarantor eligibility, credit, management, and other loan underwriting standards (including any standards with respect to previous relationships between Lender and the proposed new key principal and new guarantor (or Person Controlling such key principal or guarantor) and the organization of the new key principal and new guarantor (if applicable));

(ii) none of the proposed new key principal or any new guarantor, or any owners of the proposed new key principal or any new guarantor, is a Prohibited Person; and

(iii) none of the proposed new key principal or any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date; and

(C) if applicable, one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender.

(2) In the event a replacement Key Principal, Guarantor, or other Person is required by Lender due to the death described in this Section 11.03(e), and such replacement has not occurred within such period, the period for replacement may be extended by Lender to a date not more than one year from the date of such death; however, Lender may require as a condition to any such extension that:

(A) the then-current property manager be replaced with a property manager reasonably acceptable to Lender (or if a property manager has not been previously engaged, a property manager reasonably acceptable to Lender be engaged); or

(B) a lockbox or cash management arrangement (with the property manager) reasonably acceptable to Lender during such extended replacement period be instituted.

If the conditions set forth in this Section 11.03(e) are satisfied, the Transfer Fee shall be waived, provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(f) Bankruptcy of Guarantor.

(1) Upon the occurrence of any Guarantor Bankruptcy Event, unless waived in writing by Lender, the applicable Guarantor shall be replaced by an individual or entity within ninety (90) days of such Guarantor Bankruptcy Event, subject to Borrower's satisfaction of the following conditions:

(A) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(f);

(B) Lender determines that:

(i) the proposed new guarantor fully satisfies all of Lender's then-applicable guarantor eligibility, credit, management, and other loan underwriting standards (including any standards with respect to previous relationships between Lender and the proposed new guarantor and the organization of the new guarantor (if applicable));

(ii) no new guarantor is a Prohibited Person; and

(iii) no new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date; and

(C) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Mortgage Loan; or

(ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender.

(2) In the event a replacement Guarantor is required by Lender due to the Guarantor Bankruptcy Event described in this Section 11.03(f), and such replacement has not occurred within such period, the period for replacement may be extended by Lender in its discretion; however, Lender may require as a condition to any such extension that:

(A) the then-current property manager be replaced with a property manager reasonably acceptable to Lender (or if a property manager has not been previously engaged, a property manager reasonably acceptable to Lender be engaged); or

(B) a lockbox or cash management arrangement (with the property manager) reasonably acceptable to Lender during such extended replacement period be instituted.

If the conditions set forth in this Section 11.03(f) are satisfied, the Transfer Fee shall be waived, provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g).

(g) Further Conditions to Transfers and Assumption.

(1) In connection with any Transfer of the Mortgaged Property, or an ownership interest in Borrower, Key Principal, or Guarantor for which Lender's approval

is required under this Loan Agreement (including Section 11.03(a)), Lender may, as a condition to any such approval, require:

(A) additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of the Mortgaged Property;

(B) amendment of the Loan Documents to delete or modify any specially negotiated terms or provisions previously granted for the exclusive benefit of original Borrower, Key Principal, or Guarantor and to restore the original provisions of the standard Fannie Mae form multifamily loan documents, to the extent such provisions were previously modified; or

(C) a modification to the amounts required to be deposited into the Reserve/Escrow Account pursuant to the terms of Section 13.02(a)(3)(B).

(2) In connection with any request by Borrower for consent to a Transfer, Borrower shall pay to Lender upon demand:

(A) the Transfer Fee (to the extent charged by Lender);

(B) the Review Fee (regardless of whether Lender approves or denies such request); and

(C) all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such costs exceed the Review Fee and regardless of whether Lender approves or denies such request.

ARTICLE 12 - IMPOSITIONS

Section 12.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 12.01 are made as of the Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Payment of Taxes, Assessments, and Other Charges.

Borrower has:

(1) paid (or with the approval of Lender, established an escrow fund sufficient to pay when due and payable) all amounts and charges relating to the Mortgaged Property that have become due and payable before any fine, penalty interest, lien, or costs may be added thereto, including Impositions, leasehold payments, and ground rents;

(2) paid all Taxes for the Mortgaged Property that have become due before any fine, penalty interest, lien, or costs may be added thereto pursuant to any notice of assessment received by Borrower and any and all taxes that have become due against Borrower before any fine, penalty interest, lien, or costs may be added thereto;

(3) no knowledge of any basis for any additional assessments;

(4) no knowledge of any presently pending special assessments against all or any part of the Mortgaged Property, or any presently pending special assessments against Borrower; and

(5) not received any written notice of any contemplated special assessment against the Mortgaged Property, or any contemplated special assessment against Borrower.

Section 12.02 Covenants.

(a) Imposition Deposits, Taxes, and Other Charges.

Borrower shall:

(1) deposit the Imposition Deposits with Lender on each Payment Date (or on another day designated in writing by Lender) in amount sufficient, in Lender's discretion, to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added, plus an amount equal to no more than one-sixth (1/6) (or the amount permitted by applicable law) of the Impositions for the trailing twelve (12) months (calculated based on the aggregate annual Imposition costs divided by twelve (12) and multiplied by two (2));

(2) deposit with Lender, within ten (10) days after written notice from Lender (subject to applicable law), such additional amounts estimated by Lender to be reasonably necessary to cure any deficiency in the amount of the Imposition Deposits held for payment of a specific Imposition;

(3) except as set forth in Section 12.03(c) below, pay, or cause to be paid, all Impositions, leasehold payments, ground rents, and Borrower taxes when due and before any fine, penalty, interest, lien, or costs may be added thereto;

(4) promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and, if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender receipts evidencing such payments; and

(5) promptly deliver to Lender a copy of all notices of any special assessments and contemplated special assessments against the Mortgaged Property or Borrower.

Section 12.03 Mortgage Loan Administration Matters Regarding Impositions.

(a) Maintenance of Records by Lender.

Lender shall maintain records of the monthly and aggregate Imposition Deposits held by Lender for the purpose of paying Taxes, insurance premiums, and each other obligation of Borrower for which Imposition Deposits are required.

(b) Imposition Accounts.

All Imposition Deposits shall be held in an institution (which may be Lender, if Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency and which accounts meet the standards for custodial accounts as required by Lender from time to time. Lender shall not be obligated to open additional accounts, or deposit Imposition Deposits in additional institutions, when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. No interest, earnings, or profits on the Imposition Deposits shall be paid to Borrower unless applicable law so requires. Imposition Deposits shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose in accordance with this Loan Agreement. For the purposes of 9-104(a)(3) of the UCC, Lender is the owner of the Imposition Deposits and shall be deemed a "customer" with sole control of the account holding the Imposition Deposits.

(c) Payment of Impositions; Sufficiency of Imposition Deposits.

Lender may pay an Imposition according to any bill, statement, or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement, or estimate or into the validity of the Imposition. Imposition Deposits shall be required to be used by Lender to pay Taxes, insurance premiums and any other individual Imposition only if:

- (1) no Event of Default exists;
- (2) Borrower has timely delivered to Lender all applicable bills or premium notices that it has received; and
- (3) sufficient Imposition Deposits are held by Lender for each Imposition at the time such Imposition becomes due and payable.

Lender shall have no liability to Borrower for failing to pay any Imposition if any of the conditions are not satisfied. If at any time the amount of the Imposition Deposits held for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Lender to be held in connection with such Imposition, the excess may be credited against future installments of Imposition Deposits for such Imposition.

(d) Imposition Deposits Upon Event of Default.

If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in such amount and in such order as Lender determines, to pay any Impositions or as a credit against the Indebtedness.

(e) Contesting Impositions.

Other than insurance premiums, Borrower may contest, at its expense, by appropriate legal proceedings, the amount or validity of any Imposition if:

(1) Borrower notifies Lender of the commencement or expected commencement of such proceedings;

(2) Lender determines that the Mortgaged Property is not in danger of being sold or forfeited;

(3) Borrower deposits with Lender (or the applicable Governmental Authority if required by applicable law) reserves sufficient to pay the contested Imposition, if required by Lender (or the applicable Governmental Authority);

(4) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested in writing by Lender; and

(5) Borrower commences, and at all times thereafter diligently prosecutes, such contest in good faith until a final determination is made by the applicable Governmental Authority.

(f) Release to Borrower.

Upon payment in full of all sums secured by the Security Instrument and this Loan Agreement and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower the balance of any Imposition Deposits then on deposit with Lender.

ARTICLE 13 - REPLACEMENT RESERVE AND REPAIRS

Section 13.01 Covenants.

(a) Initial Deposits to Replacement Reserve Account and Repairs Escrow Account.

On the Effective Date, Borrower shall pay to Lender:

(1) the Initial Replacement Reserve Deposit for deposit into the Replacement Reserve Account; and

(2) the Repairs Escrow Deposit for deposit into the Repairs Escrow Account.

(b) Monthly Replacement Reserve Deposits.

Borrower shall deposit the applicable Monthly Replacement Reserve Deposit into the Replacement Reserve Account on each Payment Date.

(c) Payment for Replacements and Repairs.

Borrower shall:

(1) pay all invoices for the Replacements and Repairs, regardless of whether funds on deposit in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, are sufficient, prior to any request for disbursement from the Replacement Reserve Account or the Repairs Escrow Account, as applicable (unless Lender has agreed to issue joint checks in connection with a particular Replacement or Repair);

(2) pay all applicable fees and charges of any Governmental Authority on account of the Replacements and Repairs, as applicable; and

(3) provide evidence satisfactory to Lender of completion of the Replacements and any Required Repairs (within the Completion Period or within such other period or by such other date set forth in the Required Repair Schedule and any Borrower Requested Repairs and Additional Lender Repairs (by the date specified by Lender for any such Borrower Requested Repairs or Additional Lender Repairs)).

(d) Assignment of Contracts for Replacements and Repairs.

Borrower shall collaterally assign to Lender as additional security any contract or subcontract for Replacements or Repairs, upon Lender's written request, on a form of assignment approved by Lender.

(e) Indemnification.

If Lender elects to exercise its rights under Section 14.03 due to Borrower's failure to timely commence or complete any Replacements or Repairs, Borrower shall indemnify and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the performance by Lender of the Replacements or Repairs or investment of the Reserve/Escrow Account Funds; provided that Borrower shall have no indemnity obligation if such actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arise as a result of the willful misconduct or gross negligence of Lender, Lender's agents, employees, or representatives as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

(f) Amendments to Loan Documents.

Subject to Section 5.02, Borrower shall execute and deliver to Lender, upon written request, an amendment to this Loan Agreement, the Security Instrument, and any other Loan Document deemed necessary or desirable to perfect Lender's lien upon any portion of the Mortgaged Property for which Reserve/Escrow Account Funds were expended.

(g) Administrative Fees and Expenses.

Borrower shall pay to Lender:

(1) by the date specified in the applicable invoice, the Repairs Escrow Account Administrative Fee and the Replacement Reserve Account Administration Fee for Lender's services in administering the Repairs Escrow Account and Replacement Reserve Account and investing the funds on deposit in the Repairs Escrow Account and the Replacement Reserve Account, respectively;

(2) upon demand, a reasonable inspection fee, not exceeding the Maximum Inspection Fee, for each inspection of the Mortgaged Property by Lender in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections; and

(3) upon demand, all reasonable fees charged by any engineer, architect, inspector or other person inspecting the Mortgaged Property on behalf of Lender for each inspection of the Mortgaged Property in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections.

Section 13.02 Mortgage Loan Administration Matters Regarding Reserves.

(a) Accounts, Deposits, and Disbursements.

(1) Custodial Accounts.

(A) The Replacement Reserve Account shall be an interest-bearing account that meets the standards for custodial accounts as required by Lender from time to time. Lender shall not be responsible for any losses resulting from the investment of the Replacement Reserve Deposits or for obtaining any specific level or percentage of earnings on such investment. All interest, if any, earned on the Replacement Reserve Deposits shall be added to and become part of the Replacement Reserve Account; provided, however, if applicable law requires, and so long as no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Replacement Reserve Account not less frequently than the Replacement Reserve Account Interest Disbursement Frequency. In no event shall Lender be obligated to disburse funds from the Reserve/Escrow Account if an Event of Default has occurred and is continuing.

(B) Lender shall not be obligated to deposit the Repairs Escrow Deposits into an interest-bearing account.

(2) Disbursements by Lender Only.

Only Lender or a designated representative of Lender may make disbursements from the Replacement Reserve Account and the Repairs Escrow Account. Except as provided in Section 13.02(a)(8), disbursements shall only be made upon Borrower request and after satisfaction of all conditions for disbursement.

(3) Adjustment to Deposits.

(A) Mortgage Loan Terms Exceeding Ten (10) Years.

If the Loan Term exceeds ten (10) years (or five (5) years in the case of any Mortgaged Property that is an “affordable housing property” as indicated on the Summary of Loan Terms), a physical needs assessment shall be ordered by Lender for the Mortgaged Property at the expense of Borrower (which expense may be paid out of the Replacement Reserve Account if excess funds are available). The physical needs assessment shall be performed no earlier than the sixth (6th) month and no later than the ninth (9th) month of the tenth (10th) Loan Year and every tenth (10th) Loan Year thereafter if the Loan Term exceeds twenty (20) years (or the fifth (5th) Loan Year in the case of any Mortgaged Property that is an “affordable housing property” as indicated on the Summary of Loan Terms and every fifth (5th) Loan Year thereafter if the Loan Term exceeds ten (10) years). After review of the physical needs assessment, the amount of the Monthly Replacement Reserve Deposit may be adjusted by Lender for the remaining Loan Term by written notice to Borrower so that the Monthly Replacement Reserve Deposits are sufficient to fund the Replacements as and when required and/or the amount to be held in the Repairs Escrow Account may be adjusted by Lender so that the Repairs Escrow Deposit is sufficient to fund the Repairs as and when required.

(B) Transfers.

In connection with any Transfer of the Mortgaged Property, or any Transfer of an ownership interest in Borrower, Guarantor, or Key Principal that requires Lender’s consent, Lender may review the amounts on deposit, if any, in the Replacement Reserve Account or the Repairs Escrow Account, the amount of the Monthly Replacement Reserve Deposit and the likely repairs and replacements required by the Mortgaged Property, and the related contingencies which may arise during the remaining Loan Term. Based upon that review, Lender may require an additional deposit to the Replacement Reserve Account or the Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit as a condition to Lender’s consent to such Transfer.

In all events, the transferee shall be required to assume Borrower's duties and obligations under this Loan Agreement.

(4) Insufficient Funds.

Lender may, upon thirty (30) days prior written notice to Borrower, require an additional deposit(s) to the Replacement Reserve Account or Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit, if Lender determines that the amounts on deposit in either the Replacement Reserve Account or the Repairs Escrow Account are not sufficient to cover the costs for Required Repairs or Required Replacements or, pursuant to the terms of Section 13.02(a)(9), not sufficient to cover the costs for Borrower Requested Repairs, Additional Lender Repairs, Borrower Requested Replacements, or Additional Lender Replacements. Borrower's agreement to complete the Replacements or Repairs as required by this Loan Agreement shall not be affected by the insufficiency of any balance in the Replacement Reserve Account or the Repairs Escrow Account, as applicable.

(5) Disbursements for Replacements and Repairs.

(A) Disbursement requests may only be made after completion of the applicable Replacements and only to reimburse Borrower for the actual approved costs of the Replacements. Lender shall not disburse from the Replacement Reserve Account the costs of routine maintenance to the Mortgaged Property or for costs which are to be reimbursed from the Repairs Escrow Account or any similar account. Disbursement from the Replacement Reserve Account shall not be made more frequently than the Maximum Replacement Reserve Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Replacement Reserve Account shall not be less than the Minimum Replacement Reserve Disbursement Amount.

(B) Disbursement requests may only be made after completion of the applicable Repairs and only to reimburse Borrower for the actual cost of the Repairs, up to the Maximum Repair Cost. Lender shall not disburse any amounts which would cause the funds remaining in the Repairs Escrow Account after any disbursement (other than with respect to the final disbursement) to be less than the Maximum Repair Cost of the then-current estimated cost of completing all remaining Repairs. Lender shall not disburse from the Repairs Escrow Account the costs of routine maintenance to the Mortgaged Property or for costs which are to be reimbursed from the Replacement Reserve Account or any similar account. Disbursement from the Repairs Escrow Account shall not be made more frequently than the Maximum Repair Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Repairs Escrow Account shall not be less than the Minimum Repairs Disbursement Amount.

(6) Disbursement Requests.

Each request by Borrower for disbursement from the Replacement Reserve Account or the Repairs Escrow Account must be in writing, must specify the Replacement or Repair for which reimbursement is requested (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9)), and must:

(A) if applicable, specify the quantity and price of the items or materials purchased, grouped by type or category;

(B) if applicable, specify the cost of all contracted labor or other services involved in the Replacement or Repair for which such request for disbursement is made;

(C) if applicable, include copies of invoices for all items or materials purchased and all contracted labor or services provided;

(D) include evidence of payment of such Replacement or Repair satisfactory to Lender (unless Lender has agreed to issue joint checks in connection with a particular Repair or Replacement as provided in this Loan Agreement); and

(E) contain a certification by Borrower that the Repair or Replacement has been completed lien free and in a good and workmanlike manner, in accordance with any plans and specifications previously approved by Lender (if applicable) and in compliance with all applicable laws, ordinances, rules, and regulations of any Governmental Authority having jurisdiction over the Mortgaged Property, and otherwise in accordance with the provisions of this Loan Agreement.

(7) Conditions to Disbursement.

Lender may require any or all of the following at the expense of Borrower as a condition to disbursement of funds from the Replacement Reserve Account or the Repairs Escrow Account (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9)):

(A) an inspection by Lender of the Mortgaged Property and the applicable Replacement or Repair;

(B) an inspection or certificate of completion by an appropriate independent qualified professional (such as an architect, engineer or property inspector, depending on the nature of the Repair or Replacement) selected by Lender;

(C) either:

(i) a search of title to the Mortgaged Property effective to the date of disbursement; or

(ii) a “date-down” endorsement to Lender’s Title Policy (or a new Lender’s Title Policy if a “date-down” is not available) extending the effective date of such policy to the date of disbursement, and showing no Liens other than (1) Permitted Encumbrances, (2) liens which Borrower is diligently contesting in good faith that have been bonded off to the satisfaction of Lender, or (3) mechanics’ or materialmen’s liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials; and

(D) an acknowledgement of payment, waiver of claims, and release of lien for work performed and materials supplied from each contractor, subcontractor or materialman in accordance with the requirements of applicable law and covering all work performed and materials supplied (including equipment and fixtures) for the Mortgaged Property by that contractor, subcontractor, or materialman through the date covered by the disbursement request (or, in the event that payment to such contractor, subcontractor, or materialman is to be made by a joint check, the release of lien shall be effective through the date covered by the previous disbursement).

(8) Joint Checks for Periodic Disbursements.

Lender may issue joint checks, payable to Borrower and the applicable supplier, materialman, mechanic, contractor, subcontractor, or other similar party, if:

(A) the cost of the Replacement or Repair exceeds the Replacement Threshold or the Repair Threshold, as applicable, and the contractor performing such Replacement or Repair requires periodic payments pursuant to the terms of the applicable written contract;

(B) the contract for such Repair or Replacement requires payment upon completion of the applicable portion of the work;

(C) Borrower makes the disbursement request after completion of the applicable portion of the work required to be completed under such contract;

(D) the materials for which the request for disbursement has been made are on site at the Mortgaged Property and are properly secured or installed;

(E) Lender determines that the remaining funds in the Replacement Reserve Account designated for such Replacement, or in the Repairs Escrow Account designated for such Repair, as applicable, are sufficient to complete the Replacement or Repair;

(F) each supplier, materialman, mechanic, contractor, subcontractor, or other similar party receiving payments shall have provided, if requested in writing by Lender, a waiver of liens with respect to amounts which have been previously paid to them; and

(G) all other conditions for disbursement have been satisfied.

(9) Replacements and Repairs Other than Required Replacements and/or Required Repairs.

(A) Borrower Requested Replacements and Borrower Requested Repairs.

In the event Borrower requests a disbursement from the Replacement Reserve Account or the Repairs Escrow Account to reimburse Borrower for any Borrower Requested Replacement or Borrower Requested Repair, any related disbursement request must also contain support for why Lender should allow such disbursement. Lender may make disbursements for Borrower Requested Replacements or Borrower Requested Repairs if Lender determines that:

(i) they are of the type intended to be covered by the Replacement Reserve Account or the Repairs Escrow Account, as applicable;

(ii) the costs are reasonable;

(iii) the amount of funds in the Replacement Reserve Account or Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements or Additional Lender Repairs that have been previously approved by Lender; and

(iv) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly Replacement Reserve Deposit in connection with any such Borrower Requested Replacements, or an additional deposit to the Repairs Escrow Account for any such Borrower Requested Repairs.

(B) Additional Lender Replacements and Additional Lender Repairs.

Lender may require, as set forth in Section 6.02(b), Section 6.03(c), or otherwise from time to time, upon written notice to Borrower, that Borrower make Additional Lender Replacements or Additional Lender Repairs. Lender may make disbursements from the Replacement Reserve Account for Additional Lender Replacements or from the Repairs Escrow Account for Additional Lender Repairs, as applicable, if Lender determines that:

(i) the costs are reasonable;

(ii) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender; and

(iii) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Loan Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly Replacement Reserve Deposit for any such Additional Lender Replacements or an additional deposit to the Repairs Escrow Account for any such Additional Lender Repair.

(10) Excess Costs.

In the event any Replacement or Repair exceeds the approved cost set forth on the Required Replacement Schedule for Replacements, or the Maximum Repair Cost for Repairs, Borrower may submit a disbursement request to reimburse Borrower for such excess cost. The disbursement request must contain support for why Lender should allow such disbursement. Lender may make disbursements from the Replacement Reserve Account or the Repairs Escrow Account, as applicable, if:

(A) the excess cost is reasonable;

(B) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such excess cost and the then-current estimated cost of completing all remaining Replacements and Repairs at the Maximum Repair Cost; and

(C) all conditions for disbursement from the Replacement Reserve Account or the Repairs Escrow Account have been satisfied.

(11) Final Disbursements.

Upon completion of all Repairs in accordance with this Loan Agreement and so long as no Event of Default has occurred and is continuing, Lender shall disburse to Borrower any amounts then remaining in the Repairs Escrow Account. Upon payment in full of the Indebtedness and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower any and all amounts then remaining in the Replacement Reserve Account and the Repairs Escrow Account (if not previously released).

(b) Approvals of Contracts; Assignment of Claims.

Lender retains the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors, or other parties providing labor or materials in connection with the Replacements or Repairs. Notwithstanding Borrower's assignment (in the Security Instrument) of its rights and claims against all persons or entities supplying labor or materials in connection with the Replacement or Repairs, Lender will not pursue any such right or claim unless an Event of Default has occurred and is continuing or as otherwise provided in Section 14.03(c).

(c) Delays and Workmanship.

If Lender determines that any work for any Replacement or Repair has not timely commenced, has not been timely performed in a workmanlike manner, or has not been timely completed in a workmanlike manner, Lender may, without notice to Borrower:

(1) withhold disbursements from the Replacement Reserve Account or Repairs Escrow Account for such unsatisfactory Replacement or Repair, as applicable;

(2) proceed under existing contracts or contract with third parties to make or complete such Replacement or Repair;

(3) apply the funds in the Replacement Reserve Account or Repairs Escrow Account toward the labor and materials necessary to make or complete such Replacement or Repair, as applicable; or

(4) exercise any and all other remedies available to Lender under this Loan Agreement or any other Loan Document, including any remedies otherwise available upon an Event of Default pursuant to the terms of Section 14.02.

To facilitate Lender's completion or making of such Replacements or Repairs, Lender shall have the right to enter onto the Mortgaged Property and perform any and all work and labor necessary to make or complete the Replacements or Repairs and employ watchmen to protect the Mortgaged Property from damage. All funds so expended by Lender shall be deemed to have been advanced to Borrower, shall be part of the Indebtedness and shall be secured by the Security Instrument and this Loan Agreement.

(d) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c).

(e) No Lender Obligation.

Nothing in this Loan Agreement shall:

(1) make Lender responsible for making or completing the Replacements or Repairs;

(2) require Lender to expend funds, whether from the Replacement Reserve Account, the Repairs Escrow Account, or otherwise, to make or complete any Replacement or Repair;

(3) obligate Lender to proceed with the Replacements or Repairs; or

(4) obligate Lender to demand from Borrower additional sums to make or complete any Replacement or Repair.

(f) No Lender Warranty.

Lender's approval of any plans for any Replacement or Repair, release of funds from the Replacement Reserve Account or Repairs Escrow Account, inspection of the Mortgaged Property by Lender or its agents, representatives, or designees, or other acknowledgment of completion of any Replacement or Repair in a manner satisfactory to Lender shall not be deemed an acknowledgment or warranty to any person that the Replacement or Repair has been completed in accordance with applicable building, zoning, or other codes, ordinances, statutes, laws, regulations, or requirements of any governmental agency, such responsibility being at all times exclusively that of Borrower.

ARTICLE 14 - DEFAULTS/REMEDIES

Section 14.01 Events of Default.

The occurrence of any one or more of the following in this Section 14.01 shall constitute an Event of Default under this Loan Agreement.

(a) Automatic Events of Default.

The following shall constitute automatic Events of Default:

(1) any failure by Borrower to pay or deposit when due any amount required by the Note, this Loan Agreement or any other Loan Document;

(2) any failure by Borrower to maintain the insurance coverage required by any Loan Document;

(3) any failure by Borrower to comply with the provisions of Section 4.02(d) relating to its single asset status;

(4) if any warranty, representation, certification, or statement of Borrower, Guarantor, or Key Principal in this Loan Agreement or any of the other Loan Documents is false, inaccurate, or misleading in any material respect when made;

(5) fraud, gross negligence, willful misconduct, or material misrepresentation or material omission by or on behalf of Borrower, or any of its officers, directors, trustees, partners, members, or managers, or Guarantor or Key Principal or any of their officers, directors, trustees, partners, members, or managers in connection with:

(A) the application for, or creation of, the Indebtedness;

(B) any financial statement, rent roll, or other report or information provided to Lender during the term of the Mortgage Loan; or

(C) any request for Lender's consent to any proposed action, including a request for disbursement of Reserve/Escrow Account Funds or Collateral Account Funds;

(6) the occurrence of any Transfer not permitted by the Loan Documents;

(7) the occurrence of a Bankruptcy Event;

(8) the commencement of a forfeiture action or other similar proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by

this Loan Agreement or the Security Instrument or Lender's interest in the Mortgaged Property;

(9) if Borrower, Guarantor, or Key Principal is a trust, or if Control of Borrower, Guarantor, or Key Principal is Transferred or if a Restricted Ownership Interest of Borrower, Guarantor, or Key Principal would be Transferred due to the termination or revocation of a trust, the termination or revocation of such trust, except as set forth in Section 11.03(d);

(10) any failure by Borrower to complete any Repair related to fire, life, or safety issues in accordance with the terms of this Loan Agreement within the Completion Period (or such other date set forth on the Required Repair Schedule or otherwise required by Lender in writing for such Repair);

(11) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable;

(12) the occurrence of any default, event of default, or breach (however such terms may be defined) that continues beyond any applicable cure or grace period under the Tax Exemption Program; and

(13) any transfer of the Mortgaged Property, any interest in the Mortgaged Property, or any interest in the Borrower that would cause the Tax Exemption to terminate or be materially reduced.

(b) Events of Default Subject to a Specified Cure Period.

The following shall constitute an Event of Default subject to the cure period set forth in the Loan Documents:

(1) if Key Principal or Guarantor is a natural person, the death of such individual, unless all requirements of Section 11.03(e) are met;

(2) the occurrence of a Guarantor Bankruptcy Event, unless requirements of Section 11.03(f) are met;

(3) any failure by Borrower, Key Principal, or Guarantor to comply with the provisions of Section 5.02(b) and Section 5.02(c); and

(4) any failure by Borrower to perform any obligation under this Loan Agreement or any Loan Document that is subject to a specified written notice and cure period, which failure continues beyond such specified written notice and cure period as set forth herein or in the applicable Loan Document.

(c) Events of Default Subject to Extended Cure Period.

The following shall constitute an Event of Default if the existence of such condition or event, or such failure to perform or default in performance continues for a period of thirty (30) days after written notice by Lender to Borrower of the existence of such condition or event, or of such failure to perform or default in performance, provided, however, such period may be extended for up to an additional thirty (30) days if Borrower, in the discretion of Lender, is diligently pursuing a cure of such; provided, further, however, no such written notice, grace period, or extension shall apply if, in Lender's discretion, immediate exercise by Lender of a right or remedy under this Loan Agreement or any Loan Document is required to avoid harm to Lender or impairment of the Mortgage Loan (including the Loan Documents), the Mortgaged Property or any other security given for the Mortgage Loan:

(1) any failure by Borrower to perform any of its obligations under this Loan Agreement or any Loan Document (other than those specified in Section 14.01(a) or Section 14.01(b) above) as and when required.

Section 14.02 Remedies.

(a) Acceleration; Foreclosure.

If an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Mortgage Loan, any Accrued Interest, interest accruing at the Default Rate, the Prepayment Premium (if applicable), and all other Indebtedness, at the option of Lender, shall immediately become due and payable, without any prior written notice to Borrower, unless applicable law requires otherwise (and in such case, after any required written notice has been given). Lender may exercise this option to accelerate regardless of any prior forbearance. In addition, Lender shall have all rights and remedies afforded to it hereunder and under the other Loan Documents, including, foreclosure on and/or the power of sale of the Mortgaged Property, as provided in the Security Instrument, and any rights and remedies available to it at law or in equity (subject to Borrower's statutory rights of reinstatement, if any, prior to a Foreclosure Event). Any proceeds of a foreclosure or other sale under this Loan Agreement or any other Loan Document may be held and applied by Lender as additional collateral for the Indebtedness pursuant to this Loan Agreement. Notwithstanding the foregoing, the occurrence of any Bankruptcy Event shall automatically accelerate the Mortgage Loan and all obligations and Indebtedness shall be immediately due and payable without written notice or further action by Lender.

(b) Loss of Right to Disbursements from Collateral Accounts.

If an Event of Default has occurred and is continuing, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve/Escrow Accounts and any Collateral Accounts. During the continuance of any such Event of Default, Lender may use the Reserve/Escrow Account Funds and any Collateral Account Funds (or any portion thereof) for any purpose, including:

(1) repayment of the Indebtedness, including principal prepayments and the Prepayment Premium applicable to such full or partial prepayment, as applicable (however, such application of funds shall not cure or be deemed to cure any Event of Default);

(2) reimbursement of Lender for all losses and expenses (including reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default;

(3) completion of the Replacement or Repair or for any other replacement or repair to the Mortgaged Property; and

(4) payment of any amount expended in exercising (and the exercise of) all rights and remedies available to Lender at law or in equity or under this Loan Agreement or under any of the other Loan Documents.

Nothing in this Loan Agreement shall obligate Lender to apply all or any portion of the Reserve/Escrow Account Funds or Collateral Account Funds on account of any Event of Default by Borrower or to repayment of the Indebtedness or in any specific order of priority.

(c) Remedies Cumulative.

Each right and remedy provided in this Loan Agreement is distinct from all other rights or remedies under this Loan Agreement or any other Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of additional default by Borrower in order to exercise any of its remedies with respect to an Event of Default.

Section 14.03 Additional Lender Rights; Forbearance.

(a) No Effect Upon Obligations.

Lender may, but shall not be obligated to, agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of, Guarantor, Key Principal, or other third party obligor, to take any of the following actions:

(1) the time for payment of the principal of or interest on the Indebtedness may be extended, or the Indebtedness may be renewed in whole or in part;

(2) the rate of interest on or period of amortization of the Mortgage Loan or the amount of the Monthly Debt Service Payments payable under the Loan Documents may be modified;

(3) the time for Borrower's performance of or compliance with any covenant or agreement contained in any Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived;

(4) the maturity of the Indebtedness may be accelerated as provided in the Loan Documents;

(5) any or all payments due under this Loan Agreement or any other Loan Document may be reduced;

(6) any Loan Document may be modified or amended by Lender and Borrower in any respect, including an increase in the principal amount of the Mortgage Loan;

(7) any amounts under this Loan Agreement or any other Loan Document may be released;

(8) any security for the Indebtedness may be modified, exchanged, released, surrendered, or otherwise dealt with, or additional security may be pledged or mortgaged for the Indebtedness;

(9) the payment of the Indebtedness or any security for the Indebtedness, or both, may be subordinated to the right to payment or the security, or both, of any other present or future creditor of Borrower;

(10) any payments made by Borrower to Lender may be applied to the Indebtedness in such priority as Lender may determine in its discretion; or

(11) any other terms of the Loan Documents may be modified.

(b) No Waiver of Rights or Remedies.

Any waiver of an Event of Default or forbearance by Lender in exercising any right or remedy under this Loan Agreement or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of any other Event of Default or preclude the exercise or failure to exercise of any other right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise or failure to exercise of any other right available to Lender. Lender's receipt of any condemnation awards or insurance proceeds shall not operate to cure or waive any Event of Default.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby irrevocably makes, constitutes, and appoints Lender (and any officer of Lender or any Person designated by Lender for that purpose) as Borrower's true and lawful

proxy and attorney-in-fact (and agent-in-fact) in Borrower's name, place, and stead, with full power of substitution, to:

- (1) use any of the funds in the Replacement Reserve Account or Repairs Escrow Account for the purpose of making or completing the Replacements or Repairs;
- (2) make such additions, changes, and corrections to the Replacements or Repairs as shall be necessary or desirable to complete the Replacements or Repairs;
- (3) employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for such purposes;
- (4) pay, settle, or compromise all bills and claims for materials and work performed in connection with the Replacements or Repairs, or as may be necessary or desirable for the completion of the Replacements or Repairs, or for clearance of title;
- (5) adjust and compromise any claims under any and all policies of insurance required pursuant to this Loan Agreement and any other Loan Document, subject only to Borrower's rights under this Loan Agreement;
- (6) appear in and prosecute any action arising from any insurance policies;
- (7) collect and receive the proceeds of insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds;
- (8) commence, appear in, and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any condemnation;
- (9) settle or compromise any claim in connection with any condemnation;
- (10) execute all applications and certificates in the name of Borrower which may be required by any of the contract documents;
- (11) prosecute and defend all actions or proceedings in connection with the Mortgaged Property or the rehabilitation and repair of the Mortgaged Property;
- (12) take such actions as are permitted in this Loan Agreement and any other Loan Documents;
- (13) execute such financing statements and other documents and to do such other acts as Lender may require to perfect and preserve Lender's security interest in, and to enforce such interests in, the collateral; and
- (14) carry out any remedy provided for in this Loan Agreement and any other Loan Documents, including endorsing Borrower's name to checks, drafts, instruments and other items of payment and proceeds of the collateral, executing change of address

forms with the postmaster of the United States Post Office serving the address of Borrower, changing the address of Borrower to that of Lender, opening all envelopes addressed to Borrower, and applying any payments contained therein to the Indebtedness.

Borrower hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable and shall not be affected by the disability or incompetence of Borrower. Borrower specifically acknowledges and agrees that this power of attorney granted to Lender may be assigned by Lender to Lender's successors or assigns as holder of the Note (and the Mortgage Loan). However, the foregoing shall not require Lender to incur any expense or take any action. Borrower hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Loan Agreement and any other Loan Documents.

(d) Borrower Waivers.

If more than one Person signs this Loan Agreement as Borrower, each Borrower, with respect to any other Borrower, hereby agrees that Lender, in its discretion, may:

- (1) bring suit against Borrower, or any one or more of Borrower, jointly and severally, or against any one or more of them;
- (2) compromise or settle with any one or more of the persons constituting Borrower, for such consideration as Lender may deem proper;
- (3) release one or more of the persons constituting Borrower, from liability; or
- (4) otherwise deal with Borrower, or any one or more of them, in any manner, and no such action shall impair the rights of Lender to collect from any Borrower the full amount of the Indebtedness.

Section 14.04 Waiver of Marshaling.

Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Loan Agreement, any other Loan Document or applicable law. Lender shall have the right to determine the order in which all or any part of the Indebtedness is satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Loan Agreement waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Loan Agreement or any other Loan Documents.

ARTICLE 15 - MISCELLANEOUS

Section 15.01 Governing Law; Consent to Jurisdiction and Venue.

(a) Governing Law.

This Loan Agreement and any other Loan Document which does not itself expressly identify the law that is to apply to it, shall be governed by the laws of the Property Jurisdiction without regard to the application of choice of law principles.

(b) Venue.

Any controversy arising under or in relation to this Loan Agreement or any other Loan Document shall be litigated exclusively in the Property Jurisdiction without regard to conflicts of laws principles. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Loan Agreement or any other Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence, or otherwise.

Section 15.02 Notice.

(a) Process of Serving Notice.

Except as otherwise set forth herein or in any other Loan Document, all notices under this Loan Agreement and any other Loan Document shall be:

- (1) in writing and shall be:
 - (A) delivered, in person;
 - (B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested;
 - (C) sent by overnight courier; or
 - (D) sent by electronic mail with originals to follow by overnight courier;
- (2) addressed to the intended recipient at Borrower's Notice Address and Lender's Notice Address, as applicable; and
- (3) deemed given on the earlier to occur of:
 - (A) the date when the notice is received by the addressee; or

(B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such express courier service.

(b) Change of Address.

Any party to this Loan Agreement may change the address to which notices intended for it are to be directed by means of notice given to the other parties identified on the Summary of Loan Terms in accordance with this Section 15.02.

(c) Default Method of Notice.

Any required notice under this Loan Agreement or any other Loan Document which does not specify how notices are to be given shall be given in accordance with this Section 15.02.

(d) Receipt of Notices.

Neither Borrower nor Lender shall refuse or reject delivery of any notice given in accordance with this Loan Agreement. Each party is required to acknowledge, in writing, the receipt of any notice upon request by the other party.

Section 15.03 Successors and Assigns Bound; Sale of Mortgage Loan.

(a) Binding Agreement.

This Loan Agreement shall bind, and the rights granted by this Loan Agreement shall inure to, the successors and assigns of Lender and the permitted successors and assigns of Borrower. However, a Transfer not permitted by this Loan Agreement shall be an Event of Default and shall be void ab initio.

(b) Sale of Mortgage Loan; Change of Servicer.

Nothing in this Loan Agreement shall limit Lender's (including its successors and assigns) right to sell or transfer the Mortgage Loan or any interest in the Mortgage Loan. The Mortgage Loan or a partial interest in the Mortgage Loan (together with this Loan Agreement and the other Loan Documents) may be sold one or more times without prior written notice to Borrower. A sale may result in a change of the Loan Servicer.

Section 15.04 Counterparts.

This Loan Agreement may be executed in any number of counterparts with the same effect as if the parties hereto had signed the same document and all such counterparts shall be construed together and shall constitute one instrument.

Section 15.05 Joint and Several (or Solidary) Liability.

If more than one Person signs this Loan Agreement as Borrower, the obligations of such Persons shall be joint and several (solidary instead for purposes of Louisiana law).

Section 15.06 Relationship of Parties; No Third Party Beneficiary.

(a) Solely Creditor and Debtor.

The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Loan Agreement shall create any other relationship between Lender and Borrower. Nothing contained in this Loan Agreement shall constitute Lender as a joint venturer, partner, or agent of Borrower, or render Lender liable for any debts, obligations, acts, omissions, representations, or contracts of Borrower.

(b) No Third Party Beneficiaries.

No creditor of any party to this Loan Agreement and no other person shall be a third party beneficiary of this Loan Agreement or any other Loan Document or any account created or contemplated under this Loan Agreement or any other Loan Document. Nothing contained in this Loan Agreement shall be deemed or construed to create an obligation on the part of Lender to any third party nor shall any third party have a right to enforce against Lender any right that Borrower may have under this Loan Agreement. Without limiting the foregoing:

(1) any Servicing Arrangement between Lender and any Loan Servicer shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness;

(2) Borrower shall not be a third party beneficiary of any Servicing Arrangement; and

(3) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

Section 15.07 Severability; Entire Agreement; Amendments.

The invalidity or unenforceability of any provision of this Loan Agreement or any other Loan Document shall not affect the validity or enforceability of any other provision of this Loan Agreement or of any other Loan Document, all of which shall remain in full force and effect, including the Guaranty. This Loan Agreement contains the complete and entire agreement among the parties as to the matters covered, rights granted, and the obligations assumed in this Loan Agreement. This Loan Agreement may not be amended or modified except by written agreement signed by the parties hereto.

Section 15.08 Construction.

(a) The captions and headings of the sections of this Loan Agreement and the Loan Documents are for convenience only and shall be disregarded in construing this Loan Agreement and the Loan Documents.

(b) Any reference in this Loan Agreement to an “Exhibit” or “Schedule” or a “Section” or an “Article” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit or Schedule attached to this Loan Agreement or to a Section or Article of this Loan Agreement.

(c) Any reference in this Loan Agreement to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(d) Use of the singular in this Loan Agreement includes the plural and use of the plural includes the singular.

(e) As used in this Loan Agreement, the term “including” means “including, but not limited to” or “including, without limitation,” and is for example only and not a limitation.

(f) Whenever Borrower’s knowledge is implicated in this Loan Agreement or the phrase “to Borrower’s knowledge” or a similar phrase is used in this Loan Agreement, Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower’s knowledge after reasonable and diligent inquiry and investigation.

(g) Unless otherwise provided in this Loan Agreement, if Lender’s approval, designation, determination, selection, estimate, action, or decision is required, permitted, or contemplated hereunder, such approval, designation, determination, selection, estimate, action, or decision shall be made in Lender’s sole and absolute discretion.

(h) All references in this Loan Agreement to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(i) “Lender may” shall mean at Lender’s discretion, but shall not be an obligation.

(j) If the Mortgage Loan proceeds are disbursed on a date that is later than the Effective Date, as described in Section 2.02(a)(1), the representations and warranties in the Loan Documents with respect to the ownership and operation of the Mortgage Property shall be deemed to be made as of the disbursement date.

Section 15.09 Mortgage Loan Servicing.

All actions regarding the servicing of the Mortgage Loan, including the collection of payments, the giving and receipt of notice, inspections of the Mortgaged Property, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan

Servicer unless Borrower receives notice to the contrary. If Borrower receives conflicting notices regarding the identity of the Loan Servicer or any other subject, any such written notice from Lender shall govern. The Loan Servicer may change from time to time (whether related or unrelated to a sale of the Mortgage Loan). If there is a change of the Loan Servicer, Borrower will be given written notice of the change.

Section 15.10 Disclosure of Information.

Lender may furnish information regarding Borrower, Key Principal, or Guarantor, or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase, or securitization of the Mortgage Loan, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

Section 15.11 Waiver; Conflict.

No specific waiver of any of the terms of this Loan Agreement shall be considered as a general waiver. If any provision of this Loan Agreement is in conflict with any provision of any other Loan Document, the provision contained in this Loan Agreement shall control.

Section 15.12 No Reliance.

Borrower acknowledges, represents, and warrants that:

- (a) it understands the nature and structure of the transactions contemplated by this Loan Agreement and the other Loan Documents;
- (b) it is familiar with the provisions of all of the documents and instruments relating to such transactions;
- (c) it understands the risks inherent in such transactions, including the risk of loss of all or any part of the Mortgaged Property;
- (d) it has had the opportunity to consult counsel; and
- (e) it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting, entering into, or otherwise in connection with this Loan Agreement, any other Loan Document, or any of the matters contemplated hereby or thereby.

Section 15.13 Subrogation.

If, and to the extent that, the proceeds of the Mortgage Loan are used to pay, satisfy, or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust, or other lien encumbering the Mortgaged Property, such Mortgage Loan proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by such prior lien, whether or not such prior lien is released.

Section 15.14 Counting of Days.

Except where otherwise specifically provided, any reference in this Loan Agreement to a period of "days" means calendar days, not Business Days. If the date on which Borrower is required to perform an obligation under this Loan Agreement is not a Business Day, Borrower shall be required to perform such obligation by the Business Day immediately preceding such date; provided, however, in respect of any Payment Date, or if the Maturity Date is other than a Business Day, Borrower shall be obligated to make such payment by the Business Day immediately following such date.

Section 15.15 Revival and Reinstatement of Indebtedness.

If the payment of all or any part of the Indebtedness by Borrower, Guarantor, or any other Person, or the transfer to Lender of any collateral or other property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Insolvency Laws relating to a Voidable Transfer, and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the advice of its counsel, then the amount of such Voidable Transfer or the amount of such Voidable Transfer that Lender is required or elects to repay or restore, including all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection therewith, and the Indebtedness shall automatically shall be revived, reinstated, and restored by such amount and shall exist as though such Voidable Transfer had never been made.

Section 15.16 Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Loan Agreement and the other Loan Documents, time is of the essence.

Section 15.17 Final Agreement.

THIS LOAN AGREEMENT ALONG WITH ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. All prior or contemporaneous agreements, understandings, representations, and

statements, oral or written, are merged into this Loan Agreement and the other Loan Documents. This Loan Agreement, the other Loan Documents, and any of their provisions may not be waived, modified, amended, discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement.

Section 15.18 WAIVER OF TRIAL BY JURY.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER AND LENDER (a) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER, THAT IS TRIABLE OF RIGHT BY A JURY, AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

ARTICLE 16 – TAX EXEMPTION

Section 16.01 Tax Exemption

The Property is eligible for a Tax Exemption pursuant to the Code.

Section 16.02 Compliance with Tax Exemption

- (a) Borrower must file or cause to be filed on a timely basis all documentation necessary to maintain the Tax Exemption, and must promptly provide copies of such documentation to Lender.
- (b) Borrower must comply or cause compliance fully with all of the Tax Exemption Program requirements in order to maintain the Tax Exemption.
- (c) Borrower shall promptly provide Lender with a copy of any notice Borrower may receive alleging that Borrower is in breach of the requirements of the Tax Exemption Program or that the Mortgaged Property is not being maintained as required by the Tax Exemption Program.
- (d) In any application for a Transfer of the Mortgaged Property, any interest in the Mortgaged Property or any interest in the Borrower, Borrower shall notify Lender if the completion of such Transfer without the consent of the agency administering the Tax Exemption would result in the termination or material reduction of the Tax Exemption.
- (e) Borrower shall avail itself of all rights and opportunities to renew or extend the Tax Exemption.

(f) Borrower shall not voluntarily take or cause to be taken any action that would threaten the Tax Exemption or cause the Tax Exemption to terminate without the prior written consent of Lender.

Section 16.03 Borrower's Representations and Warranties as to Compliance with Tax Exemption

Borrower represents and warrants that:

(a) The Mortgaged Property is eligible for a Tax Exemption pursuant to the Code and is receiving the Tax Exemption.

(b) Borrower has not received any notice indicating that the Tax Exemption will be terminated or materially reduced before its scheduled expiration date.

(c) Borrower has adhered to any income, rent or other restrictions imposed by the Tax Exemption.

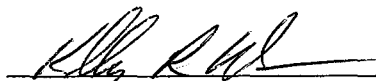
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IN WITNESS WHEREOF, Borrower and Lender have signed and delivered this Loan Agreement under seal (where applicable) or have caused this Loan Agreement to be signed and delivered under seal (where applicable) by their duly authorized representatives. Where applicable law so provides, Borrower and Lender intend that this Loan Agreement shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

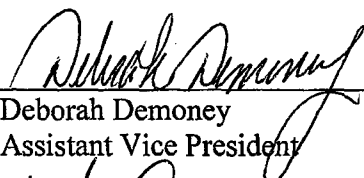
OREGON INVESTORS V LIMITED PARTNERSHIP
an Oregon limited partnership

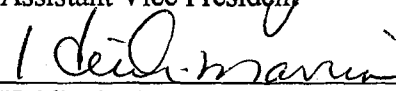
By: CASCADE HOUSING ASSOCIATION
an Oregon nonprofit, public benefit corporation,
General Partner

By:  (SEAL)
Kelly Williams
Secretary

LENDER:

BERKELEY POINT CAPITAL LLC
a Delaware limited liability company

By:  (SEAL)
Deborah Demoney
Assistant Vice President

By:  (SEAL)
Heidi Marrin
Director

**SCHEDULE 1 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Definitions Schedule
(Interest Rate Type – Fixed Rate)**

Capitalized terms used in the Loan Agreement have the meanings given to such terms in this Definitions Schedule.

“**Accrued Interest**” means unpaid interest, if any, on the Mortgage Loan that has not been added to the unpaid principal balance of the Mortgage Loan pursuant to Section 2.02(b) (Capitalization of Accrued But Unpaid Interest) of the Loan Agreement.

“**Additional Lender Repairs**” means repairs of the type listed on the Required Repair Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Additional Lender Replacements**” means replacements of the type listed on the Required Replacement Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Amortization Period**” has the meaning set forth in the Summary of Loan Terms.

“**Amortization Type**” has the meaning set forth in the Summary of Loan Terms.

“**Bank Secrecy Act**” means the Bank Secrecy Act of 1970, as amended (e.g., 31 U.S.C. Sections 5311-5330).

“**Bankruptcy Event**” means any one or more of the following:

- (a) the commencement, filing or continuation of a voluntary case or proceeding under one or more of the Insolvency Laws by Borrower;
- (b) the acknowledgment in writing by Borrower (other than to Lender in connection with a workout) that it is unable to pay its debts generally as they mature;
- (c) the making of a general assignment for the benefit of creditors by Borrower;
- (d) the commencement, filing or continuation of an involuntary case or proceeding under one or more Insolvency Laws against Borrower; or

(e) the appointment of a receiver (other than a receiver appointed at the direction or request of Lender under the terms of the Loan Documents), liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over Borrower or any substantial part of the assets of Borrower;

provided, however, that any proceeding or case under (d) or (e) above shall not be a Bankruptcy Event until the ninetieth (90th) day after filing (if not earlier dismissed) so long as such proceeding or case occurred without the consent, encouragement or active participation of (1) Borrower, Guarantor or Key Principal, (2) any Person Controlling Borrower, Guarantor or Key Principal, or (3) any Person Controlled by or under common Control with Borrower, Guarantor or Key Principal (in which event such case or proceeding shall be a Bankruptcy Event immediately).

“Borrower” means, individually (and jointly and severally (solidarily instead for purposes of Louisiana law) if more than one), the entity (or entities) identified as “Borrower” in the first paragraph of the Loan Agreement.

“Borrower Affiliate” means, as to Borrower, Guarantor or Key Principal:

(a) any Person that owns any direct ownership interest in Borrower, Guarantor or Key Principal;

(b) any Person that indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in Borrower, Guarantor or Key Principal;

(c) any Person Controlled by, under common Control with, or which Controls, Borrower, Guarantor or Key Principal;

(d) any entity in which Borrower, Guarantor or Key Principal directly or indirectly owns, with the power to vote, twenty percent (20%) or more of the ownership interests in such entity, or

(e) any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower, Guarantor or Key Principal.

“Borrower Requested Repairs” means repairs not listed on the Required Repair Schedule requested by Borrower to be reimbursed from the Repairs Escrow Account.

“Borrower Requested Replacements” means replacements not listed on the Required Replacement Schedule requested by Borrower to be reimbursed from the Replacement Reserve Account.

“Borrower’s General Business Address” has the meaning set forth in the Summary of Loan Terms.

“**Borrower’s Notice Address**” has the meaning set forth in the Summary of Loan Terms.

“**Business Day**” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which Lender is not open for business, or (d) a day on which the Federal Reserve Bank of New York is not open for business.

“**Code**” means the California Welfare Exemption.

“**Collateral Account Funds**” means, collectively, the funds on deposit in any or all of the Collateral Accounts, including the Reserve/Escrow Account Funds.

“**Collateral Accounts**” means any account designated as such by Lender pursuant to a Collateral Agreement or as established pursuant to this Loan Agreement, including the Reserve/Escrow Account.

“**Collateral Agreement**” means any separate agreement between Borrower and Lender for the establishment of any other fund, reserve or account.

“**Completion Period**” has the meaning set forth in the Summary of Loan Terms.

“**Condemnation Action**” has the meaning set forth in the Security Instrument.

“**Control**” (including with correlative meanings, such as “Controlling,” “Controlled by” and “under common Control with”) means, as applied to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and operations of such entity, whether through the ownership of voting securities or other ownership interests, by contract or otherwise.

“**Credit Score**” means a numerical value or a categorization derived from a statistical tool or modeling system used to measure credit risk and predict the likelihood of certain credit behaviors, including default.

“**Debt Service Amounts**” means the Monthly Debt Service Payments and all other amounts payable under the Loan Agreement, the Note, the Security Instrument or any other Loan Document.

“**Default Rate**” means an interest rate equal to the lesser of:

- (a) the sum of the Interest Rate plus four (4) percentage points; or
- (b) the maximum interest rate which may be collected from Borrower under applicable law.

“**Definitions Schedule**” means this Schedule 1 (Definitions Schedule) to the Loan Agreement.

“**Effective Date**” has the meaning set forth in the Summary of Loan Terms.

“**Employee Benefit Plan**” means a plan described in Section 3(3) of ERISA, regardless of whether the plan is subject to ERISA.

“**Enforcement Costs**” has the meaning set forth in the Security Instrument.

“**Environmental Indemnity Agreement**” means that certain Environmental Indemnity Agreement dated as of the Effective Date made by Borrower to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Environmental Inspections**” has the meaning set forth in the Environmental Indemnity Agreement.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity Agreement.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Affiliate**” shall mean, with respect to Borrower, any entity that, together with Borrower, would be treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code, or Section 4001(a)(14) of ERISA, or the regulations thereunder.

“**ERISA Plan**” means any employee pension benefit plan within the meaning of Section 3(2) of ERISA (or related trust) that is subject to the requirements of Title IV of ERISA, Sections 430 or 431 of the Internal Revenue Code, or Sections 302, 303, or 304 of ERISA, which is maintained or contributed to by Borrower or its ERISA Affiliates.

“**Event of Default**” means the occurrence of any event listed in Section 14.01 (Events of Default) of the Loan Agreement.

“**Exceptions to Representations and Warranties Schedule**” means that certain Schedule 7 (Exceptions to Representations and Warranties Schedule) to the Loan Agreement.

“**First Payment Date**” has the meaning set forth in the Summary of Loan Terms.

“**First Principal and Interest Payment Date**” has the meaning set forth in the Summary of Loan Terms, if applicable.

“**Fixed Rate**” has the meaning set forth in the Summary of Loan Terms.

“**Fixtures**” has the meaning set forth in the Security Instrument.

“**Force Majeure**” shall mean acts of God, acts of war, civil disturbance, governmental action (including the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of Borrower), strikes, lockouts, fire, unavoidable casualties or any other causes beyond the reasonable control of Borrower (other than lack of financing), and of which Borrower shall have notified Lender in writing within ten (10) days after its occurrence.

“Foreclosure Event” means:

- (a) foreclosure under the Security Instrument;
- (b) any other exercise by Lender of rights and remedies (whether under the Security Instrument or under applicable law, including Insolvency Laws) as holder of the Mortgage Loan and/or the Security Instrument, as a result of which Lender (or its designee or nominee) or a third party purchaser becomes owner of the Mortgaged Property;
- (c) delivery by Borrower to Lender (or its designee or nominee) of a deed or other conveyance of Borrower’s interest in the Mortgaged Property in lieu of any of the foregoing; or
- (d) in Louisiana, any dation en paiement.

“Governmental Authority” means any court, board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over Borrower or the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

“Guarantor” means, individually and collectively, any guarantor of the Indebtedness or any other obligation of Borrower under any Loan Document.

“Guarantor Bankruptcy Event” means any one or more of the following:

- (a) the commencement, filing or continuation of a voluntary case or proceeding under one or more of the Insolvency Laws by Guarantor;
- (b) the acknowledgment in writing by Guarantor (other than to Lender in connection with a workout) that it is unable to pay its debts generally as they mature;
- (c) the making of a general assignment for the benefit of creditors by Guarantor;
- (d) the commencement, filing or continuation of an involuntary case or proceeding under one or more Insolvency Laws against Guarantor; or
- (e) the appointment of a receiver, liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over Guarantor or any substantial part of the assets of Guarantor, as applicable;

provided, however, that any proceeding or case under (d) or (e) above shall not be a Guarantor Bankruptcy Event until the ninetieth (90th) day after filing (if not earlier dismissed) so long as such proceeding or case occurred without the consent, encouragement or active participation of (1) Borrower, Guarantor or Key Principal, (2) any Person Controlling Borrower, Guarantor or Key Principal, or (3) any Person Controlled by or under common Control with Borrower,

Guarantor or Key Principal (in which event such case or proceeding shall be a Guarantor Bankruptcy Event immediately).

“**Guarantor’s General Business Address**” has the meaning set forth in the Summary of Loan Terms.

“**Guarantor’s Notice Address**” has the meaning set forth in the Summary of Loan Terms.

“**Guaranty**” means, individually and collectively, any Payment Guaranty, Non-Recourse Guaranty or other guaranty executed by Guarantor in connection with the Mortgage Loan.

“**Immediate Family Members**” means a child, stepchild, grandchild, spouse, sibling, or parent, each of whom is not a Prohibited Person.

“**Imposition Deposits**” has the meaning set forth in the Security Instrument.

“**Impositions**” has the meaning set forth in the Security Instrument.

“**Improvements**” has the meaning set forth in the Security Instrument.

“**Indebtedness**” has the meaning set forth in the Security Instrument.

“**Initial Replacement Reserve Deposit**” has the meaning set forth in the Summary of Loan Terms.

“**Insolvency Laws**” means the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar laws, proceedings, or equitable principles affecting the enforcement of creditors’ rights, as amended from time to time.

“**Insolvent**” means:

(a) that the sum total of all of a specified Person’s liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in excess of the value of such Person’s non-exempt assets, i.e., all of the assets of such Person that are available to satisfy claims of creditors; or

(b) such Person’s inability to pay its debts as they become due.

“**Intended Prepayment Date**” means the date upon which Borrower intends to make a prepayment on the Mortgage Loan, as set forth in the Prepayment Notice.

“**Interest Accrual Method**” has the meaning set forth in the Summary of Loan Terms.

“**Interest Only Term**” has the meaning set forth in the Summary of Loan Terms.

“Interest Rate” means the Fixed Rate.

“Interest Rate Type” has the meaning set forth in the Summary of Loan Terms.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Investor” means any Person to whom Lender intends to sell, transfer, deliver or assign the Mortgage Loan in the secondary mortgage market.

“Key Principal” means, collectively:

(a) the natural person(s) or entity that Controls Borrower that Lender determines is critical to the successful operation and management of Borrower and the Mortgaged Property, as identified as such in the Summary of Loan Terms; or

(b) any natural person or entity who becomes a Key Principal after the date of the Loan Agreement and is identified as such in an assumption agreement, or another amendment or supplement to the Loan Agreement.

“Key Principal’s General Business Address” has the meaning set forth in the Summary of Loan Terms.

“Key Principal’s Notice Address” has the meaning set forth in the Summary of Loan Terms.

“Land” means the land described in Exhibit A to the Security Instrument.

“Last Interest Only Payment Date” has the meaning set forth in the Summary of Loan Terms, if applicable.

“Late Charge” means an amount equal to the delinquent amount then due under the Loan Documents multiplied by five percent (5%).

“Leases” has the meaning set forth in the Security Instrument.

“Lender” means the entity identified as “Lender” in the first paragraph of the Loan Agreement and its transferees, successors and assigns, or any subsequent holder of the Note.

“Lender’s General Business Address” has the meaning set forth in the Summary of Loan Terms.

“Lender’s Notice Address” has the meaning set forth in the Summary of Loan Terms.

“Lender’s Payment Address” has the meaning set forth in the Summary of Loan Terms.

“Lien” has the meaning set forth in the Security Instrument.

“Loan Agreement” means the Multifamily Loan and Security Agreement dated as of the Effective Date executed by and between Borrower and Lender to which this Definitions Schedule is attached, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Loan Amount” has the meaning set forth in the Summary of Loan Terms.

“Loan Application” means the application for the Mortgage Loan submitted by Borrower to Lender.

“Loan Documents” means the Note, the Loan Agreement, the Security Instrument, the Environmental Indemnity Agreement, the Guaranty, all guaranties, all indemnity agreements, all Collateral Agreements, all O&M Plans, and any other documents now or in the future executed by Borrower, Guarantor, Key Principal, any other guarantor or any other Person in connection with the Mortgage Loan, as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Loan Servicer” means the entity that from time to time is designated by Lender to collect payments and deposits and receive notices under the Note, the Loan Agreement, the Security Instrument and any other Loan Document, and otherwise to service the Mortgage Loan for the benefit of Lender. Unless Borrower receives notice to the contrary, the Loan Servicer shall be the Lender originally named on the Summary of Loan Terms.

“Loan Term” has the meaning set forth in the Summary of Loan Terms.

“Loan Year” has the meaning set forth in the Summary of Loan Terms.

“Material Commercial Lease” means any non-Residential Lease, including any master lease (which term “master lease” shall include any master lease to a single corporate tenant), other than:

(a) a non-Residential Lease that comprises less than five percent (5%) of total gross income of the Mortgaged Property on an annualized basis, so long as the lease is not a cell tower lease, a solar (power) lease or a solar power purchase agreement;

(b) a cable television lease or broadband network lease with a lessee that is not a Borrower Affiliate, Key Principal or Guarantor;

(c) storage units leased pursuant to any Residential Lease; or

(d) a laundry lease, so long as:

(1) the lessee is not a Borrower Affiliate, Key Principal or Guarantor;

(2) the rent payable is not below-market (as determined by Lender); and

(3) such laundry lease is terminable for cause by lessor.

“Maturity Date” has the meaning set forth in the Summary of Loan Terms.

“Maximum Inspection Fee” has the meaning set forth in the Summary of Loan Terms.

“Maximum Repair Cost” shall be the amount(s) set forth in the Required Repair Schedule, if any.

“Maximum Repair Disbursement Interval” has the meaning set forth in the Summary of Loan Terms.

“Maximum Replacement Reserve Disbursement Interval” has the meaning set forth in the Summary of Loan Terms.

“Minimum Repairs Disbursement Amount” has the meaning set forth in the Summary of Loan Terms.

“Minimum Replacement Reserve Disbursement Amount” has the meaning set forth in the Summary of Loan Terms.

“Monthly Debt Service Payment” has the meaning set forth in the Summary of Loan Terms.

“Monthly Replacement Reserve Deposit” has the meaning set forth in the Summary of Loan Terms.

“Mortgage Loan” means the mortgage loan made by Lender to Borrower in the principal amount of the Note made pursuant to the Loan Agreement, evidenced by the Note and secured by the Loan Documents that are expressly stated to be security for the Mortgage Loan.

“Mortgaged Property” has the meaning set forth in the Security Instrument.

“Multifamily Project” has the meaning set forth in the Summary of Loan Terms.

“Multifamily Project Address” has the meaning set forth in the Summary of Loan Terms.

“Non-Recourse Guaranty” means, if applicable, that certain Guaranty of Non-Recourse Obligations of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Note” means that certain Multifamily Note of even date herewith in the original principal amount of the stated Loan Amount made by Borrower in favor of Lender, and all schedules, riders, allonges and addenda attached thereto, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**O&M Plan**” has the meaning set forth in the Environmental Indemnity Agreement.

“**OFAC**” means the United States Treasury Department, Office of Foreign Assets Control, and any successor thereto.

“**Payment Date**” means the First Payment Date and the first day of each month thereafter until the Mortgage Loan is fully paid.

“**Payment Guaranty**” means, if applicable, that certain Guaranty (Payment) of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Permitted Encumbrance**” has the meaning set forth in the Security Instrument.

“**Permitted Preferred Equity**” means Preferred Equity that does not (a) require mandatory dividends, distributions, payments or returns (including at maturity or in connection with a redemption), or (b) provide the Preferred Equity owner with rights or remedies on account of a failure to receive any preferred dividends, distributions, payments or returns (or, if such rights are provided, the exercise of such rights do not violate the Loan Documents or are otherwise exercised with the prior written consent of Lender in accordance with Article 11 (Liens, Transfers and Assumptions) of the Loan Agreement and the payment of all applicable fees and expenses as set forth in Section 11.03(g) (Further Conditions to Transfers and Assumption)).

“**Permitted Prepayment Date**” means the last Business Day of a calendar month.

“**Person**” means an individual, an estate, a trust, a corporation, a partnership, a limited liability company or any other organization or entity (whether governmental or private).

“**Personal Property**” means the Goods, accounts, choses of action, chattel paper, documents, general intangibles (including Software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Land or the Improvements, including operating agreements, surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements, and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

“**Personalty**” has the meaning set forth in the Security Instrument.

“**Preferred Equity**” means a direct or indirect equity ownership interest in, economic interests in, or rights with respect to, Borrower that provide an equity owner preferred dividend, distribution, payment or return treatment relative to other equity owners.

“Prepayment Lockout Period” has the meaning set forth in the Summary of Loan Terms.

“Prepayment Notice” means the written notice that Borrower is required to provide to Lender in accordance with Section 2.03 (Lockout/Prepayment) of the Loan Agreement in order to make a prepayment on the Mortgage Loan, which shall include, at a minimum, the Intended Prepayment Date.

“Prepayment Premium” means the amount payable by Borrower in connection with a prepayment of the Mortgage Loan, as provided in Section 2.03 (Lockout/Prepayment) of the Loan Agreement and calculated in accordance with the Prepayment Premium Schedule.

“Prepayment Premium Period End Date” or **“Yield Maintenance Period End Date”** has the meaning set forth in the Summary of Loan Terms.

“Prepayment Premium Period Term” or **“Yield Maintenance Period Term”** has the meaning set forth in the Summary of Loan Terms.

“Prepayment Premium Schedule” means that certain Schedule 4 (Prepayment Premium Schedule) to the Loan Agreement.

“Prohibited Person” means:

(a) any Person with whom Lender or Fannie Mae is prohibited from doing business pursuant to any law, rule, regulation, judicial proceeding or administrative directive; or

(b) any Person identified on the United States Department of Housing and Urban Development’s “Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List,” or on the General Services Administration’s “Excluded Parties List System,” each of which may be amended from time to time, and any successor or replacement thereof; or

(c) any Person that is determined by Fannie Mae to pose an unacceptable credit risk due to the aggregate amount of debt of such Person owned or held by Fannie Mae; or

(d) any Person that has caused any unsatisfactory experience of a material nature with Fannie Mae or Lender, such as a default, fraud, intentional misrepresentation, litigation, arbitration or other similar act; or

(e) any Person who is a convicted felon.

“Property Jurisdiction” has the meaning set forth in the Security Instrument.

“Property Square Footage” has the meaning set forth in the Summary of Loan Terms.

“Publicly-Held Corporation” means a corporation, the outstanding voting stock of which is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“Publicly-Held Trust” means a real estate investment trust, the outstanding voting shares or beneficial interests of which are registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“Rents” has the meaning set forth in the Security Instrument.

“Repair Threshold” has the meaning set forth in the Summary of Loan Terms.

“Repairs” means, individually and collectively, the Required Repairs, Borrower Requested Repairs, and Additional Lender Repairs.

“Repairs Escrow Account” means the account established by Lender into which the Repairs Escrow Deposit is deposited to fund the Repairs.

“Repairs Escrow Account Administrative Fee” has the meaning set forth in the Summary of Loan Terms.

“Repairs Escrow Deposit” has the meaning set forth in the Summary of Loan Terms.

“Replacement Reserve Account” means the account established by Lender into which the Replacement Reserve Deposits are deposited to fund the Replacements.

“Replacement Reserve Account Administration Fee” has the meaning set forth in the Summary of Loan Terms.

“Replacement Reserve Account Interest Disbursement Frequency” has the meaning set forth in the Summary of Loan Terms.

“Replacement Reserve Deposits” means the Initial Replacement Reserve Deposit, Monthly Replacement Reserve Deposits and any other deposits to the Replacement Reserve Account required by the Loan Agreement.

“Replacement Threshold” has the meaning set forth in the Summary of Loan Terms.

“Replacements” means, individually and collectively, the Required Replacements, Borrower Requested Replacements and Additional Lender Replacements.

“Required Repair Schedule” means that certain Schedule 6 (Required Repair Schedule) to the Loan Agreement.

“Required Repairs” means those items listed on the Required Repair Schedule.

“Required Replacement Schedule” means that certain Schedule 5 (Required Replacement Schedule) to the Loan Agreement.

“Required Replacements” means those items listed on the Required Replacement Schedule.

“Reserve/Escrow Account Funds” means, collectively, the funds on deposit in the Reserve/Escrow Accounts.

“Reserve/Escrow Accounts” means, together, the Replacement Reserve Account and the Repairs Escrow Account.

“Residential Lease” means a leasehold interest in an individual dwelling unit and shall not include any master lease.

“Restoration” means restoring and repairing the Mortgaged Property to the equivalent of its physical condition immediately prior to the casualty or to a condition approved by Lender following a casualty.

“Restricted Ownership Interest” means, with respect to any entity, the following:

(a) if such entity is a general partnership or a joint venture, fifty percent (50%) or more of all general partnership or joint venture interests in such entity;

(b) if such entity is a limited partnership:

(1) the interest of any general partner; or

(2) fifty percent (50%) or more of all limited partnership interests in such entity;

(c) if such entity is a limited liability company or a limited liability partnership:

(1) the interest of any non-member manager or managing member; or

(2) fifty percent (50%) or more of all membership or other ownership interests in such entity;

(d) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, fifty percent (50%) or more of voting stock in such corporation;

(e) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, the amount of shares of voting stock sufficient to have the power to elect the majority of directors of such corporation; or

(f) if such entity is a trust (other than a land trust or a Publicly-Held Trust), the power to Control such trust vested in the trustee of such trust or the ability to remove, appoint or substitute the trustee of such trust (unless the trustee of such trust after such removal, appointment or substitution is a trustee identified in the trust agreement approved by Lender).

“Review Fee” means the non-refundable fee of Three Thousand Dollars (\$3,000) payable to Lender.

“**Schedule of Interest Rate Type Provisions**” means that certain Schedule 3 (Schedule of Interest Rate Type Provisions) to the Loan Agreement.

“**Security Instrument**” means that certain multifamily mortgage, deed to secure debt or deed of trust executed and delivered by Borrower as security for the Mortgage Loan and encumbering the Mortgaged Property, including all riders or schedules attached thereto, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Servicing Arrangement**” means any arrangement between Lender and the Loan Servicer for loss sharing or interim advancement of funds.

“**Summary of Loan Terms**” means that certain Schedule 2 (Summary of Loan Terms) to the Loan Agreement.

“**Tax Exemption Program**” means, together, the Tax Exemption and the Code.

“**Tax Exemption**” means that tax exemption granted to Borrower pursuant to the Code.

“**Taxes**” has the meaning set forth in the Security Instrument.

“**Title Policy**” means the mortgagee’s loan policy of title insurance issued in connection with the Mortgage Loan and insuring the lien of the Security Instrument as set forth therein, as approved by Lender.

“**Total Parking Spaces**” has the meaning set forth in the Summary of Loan Terms.

“**Total Residential Units**” has the meaning set forth in the Summary of Loan Terms.

“**Transfer**” means:

(a) a sale, assignment, transfer or other disposition (whether voluntary, involuntary, or by operation of law), other than Residential Leases, Material Commercial Leases or non-Material Commercial Leases permitted by this Loan Agreement;

(b) a granting, pledging, creating or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary, or by operation of law);

(c) an issuance or other creation of a direct or indirect ownership interest;

(d) a withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity; or

(e) a merger, consolidation, dissolution or liquidation of a legal entity.

“**Transfer Fee**” means a fee equal to one percent (1%) of the unpaid principal balance of the Mortgage Loan payable to Lender in connection with a Transfer of the Mortgaged Property or of

an ownership interest in Borrower, Guarantor or Key Principal for which Lender's consent is required (including in connection with an assumption of the Mortgage Loan).

"UCC" has the meaning set forth in the Security Instrument.

"UCC Collateral" has the meaning set forth in the Security Instrument.

"Voidable Transfer" means any fraudulent conveyance, preference or other voidable or recoverable payment of money or transfer of property.

"Yield Maintenance Period End Date" or "Prepayment Premium Period End Date" has the meaning set forth in the Summary of Loan Terms.

"Yield Maintenance Period Term" or "Prepayment Premium Period Term" has the meaning set forth in the Summary of Loan Terms.

[BORROWER'S INITIALS OCCUR ON THE FOLLOWING PAGE]

KW
Borrower Initials

**SCHEDULE 2 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Summary of Loan Terms
(Interest Rate Type - Fixed Rate)**

I. GENERAL PARTY AND MULTIFAMILY PROJECT INFORMATION	
Borrower	OREGON INVESTORS V LIMITED PARTNERSHIP , an Oregon limited partnership
Lender	BERKELEY POINT CAPITAL LLC , a Delaware limited liability company
Key Principal	Cascade Housing Association, an Oregon nonprofit, public benefit corporation
Guarantor	Cascade Housing Association, an Oregon nonprofit, public benefit corporation
Multifamily Project	Oak Ridge Apartments
ADDRESSES	
Borrower's General Business Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477
Borrower's Notice Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477 kelly.williams@cascadehousing.org
Multifamily Project Address	228 Sutton Way, Grass Valley, CA 95945
Multifamily Project County	Nevada County
Key Principal's General Business Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477
Key Principal's Notice Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477 kelly.williams@cascadehousing.org

Guarantor's General Business Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477	
Guarantor's Notice Address	P.O. Box 182 1101 16 th Street Springfield, Oregon 97477 kelly.williams@cascadehousing.org	
Lender's General Business Address	4550 Montgomery Avenue, Suite 1100 Bethesda, Maryland 20814	
Lender's Notice Address	Attention: Director Loan Servicing One Beacon Street, 14th Floor Boston, Massachusetts 02108 OR email: servicing.requests@berkpoint.com	
Lender's Payment Address	See Below	
<u>Payment Mailing Address:</u> Berkeley Point Capital LLC Lockbox Box 773194 3194 Solutions Center Chicago, IL 60677-3001	<u>Payment Overnight Address:</u> Berkeley Point Capital LLC Lockbox Box 773194 350 East Devon Avenue Itasca, IL 60143	<u>Payment Wiring Instructions:</u> PNC Bank, NA ABA#043000096 Berkeley Point Capital LLC Credit #1019788912 Ref Loan # 077043129

II. MULTIFAMILY PROJECT INFORMATION	
Property Square Footage	209,088
Total Parking Spaces	155
Total Residential Units	80
Affordable Housing Property	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

III. MORTGAGE LOAN INFORMATION	
Amortization Period	360 months
Amortization Type	<input checked="" type="checkbox"/> Amortizing <input type="checkbox"/> Full Term Interest Only <input type="checkbox"/> Partial Interest Only
Effective Date	May 30, 2014.
First Payment Date	The first day of July, 2014.
Fixed Rate	4.53%
Interest Accrual Method	<input type="checkbox"/> 30/360 (computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months). or <input checked="" type="checkbox"/> Actual/360 (computed on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Mortgage Loan by the Interest Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month).
Interest Only Term	0 months
Interest Rate	The Fixed Rate
Interest Rate Type	Fixed Rate
Loan Amount	\$4,000,000.00
Loan Term	120 months

Loan Year	The period beginning on the Effective Date and ending on the last day of May, 2015, and each successive twelve (12) month period thereafter.
Maturity Date	The first day of June, 2024, or any earlier date on which the unpaid principal balance of the Mortgage Loan becomes due and payable by acceleration or otherwise.
Monthly Debt Service Payment	\$20,338.78
Prepayment Lockout Period	0 year(s) from the Effective Date

IV. YIELD MAINTENANCE/PREPAYMENT PREMIUM INFORMATION	
Yield Maintenance Period End Date	The last day of November, 2023.
Yield Maintenance Period Term	114 months

V. RESERVE INFORMATION	
Completion Period	Within 180 days after the Effective Date or as otherwise shown on the Required Repair Schedule.
Initial Replacement Reserve Deposit	\$0.00
Maximum Inspection Fee	\$1,000.00
Maximum Repair Disbursement Interval	One (1) time per calendar month.
Maximum Replacement Reserve Disbursement Interval	One (1) time per calendar month.
Minimum Repairs Disbursement Amount	\$5,000.00

Minimum Replacement Reserve Disbursement Amount	\$5,000.00
Monthly Replacement Reserve Deposit	\$2,334.00
Repair Threshold	\$10,000.00
Repairs Escrow Account Administrative Fee	\$0.00, payable one time
Repairs Escrow Deposit	\$210,263.00
Replacement Reserve Account Administration Fee	\$0.00, payable annually
Replacement Reserve Account Interest Disbursement Frequency	quarterly
Replacement Threshold	\$10,000.00

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EW
Borrower Initials

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT

**ADDENDA TO SCHEDULE 2 – SUMMARY OF LOAN TERMS
(Tax Credit Properties)**

VI. TAX CREDIT PROPERTIES	
IRS Filing Deadline	April 15
Minimum Set-Aside Test	40-60 Set-Aside Test
Tax Credit Amount	\$0

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Borrower Initials

**SCHEDULE 3 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Schedule of Interest Rate Type Provisions
(Fixed Rate)**

1. Defined Terms.

Capitalized terms not otherwise defined in this Schedule have the meanings given to such terms in the Definitions Schedule to the Loan Agreement.

2. Interest Accrual.

Except as otherwise provided in the Loan Agreement, interest shall accrue at the Interest Rate until fully paid.


Borrower Initials

**SCHEDULE 4 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

**Prepayment Premium Schedule
(Standard Yield Maintenance – Fixed Rate)**

1. Defined Terms.

All capitalized terms used but not defined in this Prepayment Premium Schedule shall have the meanings assigned to them in the Loan Agreement.

2. Prepayment Premium.

Any Prepayment Premium payable under Section 2.03 (Lockout/Prepayment) of the Loan Agreement shall be computed as follows:

(a) If the prepayment is made at any time after the Effective Date and before the Yield Maintenance Period End Date, the Prepayment Premium shall be the greater of:

(1) one percent (1%) of the amount of principal being prepaid; or

(2) the product obtained by multiplying:

(A) the amount of principal being prepaid,

by

(B) the difference obtained by subtracting from the Fixed Rate on the Mortgage Loan, the Yield Rate (as defined below) on the twenty-fifth (25th) Business Day preceding (i) the Intended Prepayment Date, or (ii) the date Lender accelerates the Mortgage Loan or otherwise accepts a prepayment pursuant to Section 2.03(d) (Application of Collateral) of the Loan Agreement,

by

(C) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

[r = Yield Rate

n = the number of months remaining between (i) either of the following: (x) in the case of a voluntary prepayment, the last day of the month in which the prepayment is made, or

(y) in any other case, the date on which Lender accelerates the unpaid principal balance of the Mortgage Loan and (ii) the Yield Maintenance Period End Date.

For purposes of this clause (2), the “**Yield Rate**” means the yield calculated by interpolating the yields for the immediately shorter and longer term U.S. “Treasury constant maturities” (as reported in the Federal Reserve Statistical Release H.15 Selected Interest Rates (the “**Fed Release**”) under the heading “U.S. government securities”) closest to the remaining term of the Yield Maintenance Period Term, as follows (rounded to three (3) decimal places):

$$\left(\frac{(a-b)}{(x-y)} \times (z-y) \right) + b$$

- a = the yield for the longer U.S. Treasury constant maturity
- b = the yield for the shorter U.S. Treasury constant maturity
- x = the term of the longer U.S. Treasury constant maturity
- y = the term of the shorter U.S. Treasury constant maturity
- z = “n” (as defined in the present value factor calculation above) divided by twelve (12).

Notwithstanding any provision to the contrary, if “z” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for such term shall be used, and interpolation shall not be necessary. If publication of the Fed Release is discontinued by the Federal Reserve Board, Lender shall determine the Yield Rate from another source selected by Lender. Any determination of the Yield Rate by Lender will be binding absent manifest error.]

(b) If the prepayment is made on or after the Yield Maintenance Period End Date but before the last calendar day of the fourth (4th) month prior to the month in which the Maturity Date occurs, the Prepayment Premium shall be one percent (1%) of the amount of principal being prepaid.

(c) Notwithstanding the provisions of Section 2.03 (Lockout/Prepayment) of the Loan Agreement, no Prepayment Premium shall be payable with respect to any prepayment made on or after the last calendar day of the fourth (4th) month prior to the month in which the Maturity Date occurs.


Borrower Initials

**SCHEDULE 5 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Required Replacement Schedule

CARPETS (common area and unit interior)
RANGE/OVENS
DISHWASHERS
REFRIGERATORS
HVAC EQUIPMENT
VINYL FLOORING
PARKING PAVEMENT
SEAL COAT AND STRIPING
WATER HEATERS
EXTERIOR WALLS, SIDING , PAINT AND RECAULK
CABINETS
Washing Machines & Dryers (common area laundry rooms)

Requests for reimbursement of costs may only be made for the replacement of the components specified above. Releases will not be allowed for parts or ongoing repairs and maintenance of these items. Labor costs for in-house personnel may not be included.

[BORROWER'S INITIALS OCCUR ON THE FOLLOWING PAGE]

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Borrower Initials

**SCHEDULE 6 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Required Repair Schedule

REPAIR ITEM/SCOPE (DETAIL)	TOTAL COST
Items to be completed within 30 days of Closing:	
Rework Grading Around Sidewalks, Landings, and Steps: - Erosion of grading adjacent to many sidewalks, landings and steps has caused undermining or presents a pedestrian hazard. Additional soil needs to be placed and stabilized with groundcover plantings to alleviate this condition.	\$4,200
Items to be completed within one hundred eighty days of Closing:	
Replace Roofs on all buildings	\$164,010

TOTAL:	\$168,210
25% FACTOR:	\$42,053
TOTAL ESCROW AMOUNT:	\$210,263

[BORROWER'S INITIALS OCCUR ON THE FOLLOWING PAGE]

EW
Borrower Initials

**SCHEDULE 7 TO
MULTIFAMILY LOAN AND SECURITY AGREEMENT**

Exceptions to Representations and Warranties Schedule

NONE

[BORROWER'S INITIALS OCCUR ON THE FOLLOWING PAGE]

RW
Borrower Initials

EXHIBIT A

MODIFICATIONS TO MULTIFAMILY LOAN AND SECURITY AGREEMENT (Tax Credit Properties)

The foregoing Loan Agreement is hereby modified as follows:

1. Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.

2. The Definitions Schedule is hereby amended by adding the following new definitions in the appropriate alphabetical order:

“Extended Use Agreement” has the meaning set forth in the Security Instrument.

“IRS Filing Deadline” means the date set forth on the Summary of Loan Terms.

“Minimum Set-Aside Test” means the set-aside test elected by Borrower pursuant to Section 42(g)(1)(A) or (B) of the Internal Revenue Code with respect to the percentage of units built or to be built upon the Mortgaged Property to be occupied by tenants with incomes equal to no more than the designated percentage of area median income. Borrower’s election of either the 40-60 Set-Aside Test (as provided in Section 42(g)(1)(B) of the Internal Revenue Code) or the 20-50 Set-Aside Test as the Minimum Set-Aside Test (as provided in Section 42(g)(1)(A) of the Internal Revenue Code) for the Mortgaged Property is indicated on the Summary of Loan Terms.

“Rent Restriction Test” means the rent restrictions imposed on the low-income units in the Mortgaged Property pursuant to Section 42(g)(2) of the Internal Revenue Code, whereby the gross rent charged to tenant(s) of the low-income units cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units based upon the Minimum Set-Aside Test elected by the Borrower.

“Tax Credits” means the tax credits allocated to Borrower pursuant to Section 42 of the Internal Revenue Code in connection with the Mortgaged Property’s operation as a “qualified low-income housing project” within the meaning of Section 42(g)(1) of the Internal Revenue Code. The Tax Credits projected as of the Effective Date is the amount identified on the Summary of Loan Terms.

“Tax Credit Agency” means the state housing credit agency having responsibility for monitoring compliance of the Mortgaged Property with the requirements of (a) Section 42 of the Internal Revenue Code and (b) the Extended Use Agreement.

3. Section 14.01(a) (Events of Default – Automatic Events of Default) of the Loan Agreement is hereby amended by adding the following provision to the end thereof:

(14) any default, event of default, or breach (however such terms may be defined in the Extended Use Agreement) after the expiration of any deadline for performance and applicable notice or cure periods, if any, under the Extended Use Agreement.

4. The following article is hereby added to the Loan Agreement as Article 17 (Items Related to Tax Credit Properties):

ARTICLE 17 – ITEMS RELATED TO TAX CREDIT PROPERTIES

Section 17.01 Annual LIHTC Reporting Requirements.

Borrower must submit to Lender, each year on or before the IRS Filing Deadline at the time of annual submission of Borrower's financial analysis of operations, a copy of Borrower's federal income tax information return (Internal Revenue Service Form 1065, or any successor form designated by the Internal Revenue Service) and all attached schedules, forms and elections, including Internal Revenue Forms 8586 and 8609-A (and, with the Internal Revenue Service Form 1065 for the first year of the Mortgaged Property's "Credit Period" (within the meaning of Section 42(f)(1) of the Internal Revenue Code), a copy of each fully completed and signed IRS Form 8609 for the Mortgaged Property), which must reflect the total Tax Credits allocated to the Mortgaged Property and the Tax Credits claimed for the Mortgaged Property in the preceding year.

Section 17.02 Annual Compliance.

Borrower shall submit to Lender on an annual basis, evidence that the Mortgaged Property is in ongoing compliance with all income, occupancy and rent restrictions under the Extended Use Agreement relating to the Mortgaged Property. Such submissions shall be made contemporaneously with Borrower's reports required to be made to the Tax Credit Agency under the Extended Use Agreement. If the Tax Credit Agency issues an Internal Revenue Service Form 8823, Borrower shall provide to Lender a copy of each such form within five (5) Business Days of Borrower's receipt of such form(s) from the Tax Credit Agency.

Section 17.03 Tax Credit Representations and Warranties.

All representations and warranties made by Borrower to Lender in this Section 17.04 (Tax Credit Representations and Warranties) are made as of the Effective Date, and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) There are no restrictions on the sale or refinancing of the Mortgaged Property, other than the restrictions set forth in this Loan Agreement and the Extended Use Agreement.

(b) Borrower and the Mortgaged Property satisfies all restrictions and requirements, including tenant income and rent restrictions and record-keeping and retention requirements, applicable to projects generating Tax Credits under Section 42 of the Internal Revenue Code.

(c) Borrower and the Mortgaged Property satisfies all covenants and restrictions set forth in the Extended Use Agreement.

(d) The only tenant eligibility requirements or rent restrictions applicable to the Mortgaged Property or Borrower are those that apply to residential units pursuant to the Minimum Set-Aside Test elected by Borrower for the low-income units in the Mortgaged Property or as set forth in the Extended Use Agreement.

(e) Neither the Extended Use Agreement nor any other document, instrument or agreement to which Borrower is a party restricts, limits or waives the right of Lender to cause a termination of the Extended Use Agreement in accordance with Internal Revenue Code Section 42(h)(6)(E)(i)(I).

Section 17.04 Tax Credit Covenants.

(a) Borrower and the Mortgaged Property shall continue to satisfy all restrictions and requirements, including tenant income and rent restrictions and record-keeping and retention requirements, applicable to projects generating Tax Credits under Section 42 of the Internal Revenue Code.

(b) Borrower and the Mortgaged Property shall continue to satisfy all covenants and restrictions set forth in the Extended Use Agreement.

(c) The only tenant eligibility requirements or rent restrictions applicable to the Mortgaged Property or Borrower shall be those that apply to residential units pursuant to the Minimum Set-Aside Test elected by Borrower for the low-income units in the Mortgaged Property or as set forth in the Extended Use Agreement.

(d) Neither the Extended Use Agreement nor any other document, instrument or agreement to which Borrower is a party shall restrict, limit or waive the right of Lender to cause a termination of the Extended Use Agreement in accordance with Internal Revenue Code Section 42(h)(6)(E)(i)(I).

(e) All requirements that are necessary to achieve and maintain (1) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Extended Use Agreement, (2) issuance and completion of each required IRS Form 8609 for the Mortgaged Property in a timely fashion and in compliance with Section 42(l) of the Internal Revenue Code, and (3) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all the units, shall be met at all times during which such requirements are required to be met to qualify for the full amount of the anticipated Tax Credits.

[BORROWER'S INITIALS OCCUR ON THE FOLLOWING PAGE]

RW
Borrower Initials

FREE RECORDING REQUESTED)
PURSUANT TO GOVERNMENT CODE)
SECTION 27383)

Recording requested by and)
when recorded return to:)

CALIFORNIA HOUSING FINANCE)
AGENCY)
Office of General Counsel)
P.O. Box 4034)
Sacramento, CA 95812-4034)

Certified to be a TRUE copy of
DOCUMENT RECORDED January 19, 2006
INSTRUMENT No. 2006-0001836
Book PAGE
Nevada COUNTY RECORDS
By Fidelity NATIONAL TITLE
J. Brown

(Space above this line for Recorder's use)

CALIFORNIA HOUSING FINANCE AGENCY

REGULATORY AGREEMENT

CalHFA Development No. 02-049-N

This Regulatory Agreement (the "*Agreement*"), dated as of January 1, 2006 for informational purposes, is made and entered into by and between Oregon Investors VII Limited Partnership, an Oregon limited partnership (the "*Borrower*"), and the California Housing Finance Agency (the "*Agency*"), a public instrumentality and political subdivision of the State of California created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (the "*Act*"), Division 31 of the California Health and Safety Code.

RECITALS

A. The Borrower is the owner of the real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "*Property*"), and has applied to the Agency for a loan (the "*Loan*") to finance a multifamily rental housing development (the "*Development*") pursuant to the provisions of the Act, particularly those provisions contained in Chapter 6.7 of the Act (the "*Law*"). The Development includes the Property, all improvements constructed on the Property and all funds or property, of whatsoever kind or nature, committed to the Development.

B. The Agency has issued tax-exempt bonds ("*Bonds*") pursuant to the Code (as defined below) and the Law to provide the financing for the Development.

C. In order to assure the Agency and its bondholders that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), and that the Bonds are "qualified bonds" within the meaning of Section 141 of the Code, and to be in compliance with the Code, and to satisfy the public purposes for which the Bonds are authorized to be issued under the Code, certain limits on the use and occupancy of the Development and certain other requirements need to be established.

D. As an inducement to the Agency to make the Loan, the Borrower has agreed to enter into this Agreement and has consented thereby to be and to have the Development regulated and restricted by the Agency as provided herein and in the Act and in the rules, regulations, policies and procedures of the Agency promulgated thereunder, and as amended from time to time.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date of its execution and shall remain in full force and effect and shall apply to the Development until the latest of (i) the end of the Qualified Project Period, as defined below, (ii) payment in full of the Loan, or (iii) forty (40) years.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) "Closing Date" means the date on which the Note is delivered to or for the account of the Agency, and the Deed of Trust and this Agreement recorded in the official records of the County in which the Development is located.

(b) "Deed of Trust" means collectively:

(i) that certain deed of trust entitled "California Housing Finance Agency Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 02-049-N (Permanent Financing)" which was executed by the Borrower, secures the Note and this Agreement, and encumbers the Development; and

(ii) that certain deed of trust entitled "California Housing Finance Agency Permanent Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 02-049-N (Permanent Bridge Financing)" which was executed by the Borrower, secures the Note and this Agreement, and encumbers the Development.

The term "Deed of Trust" may also include any other deed(s) of trust recorded against the Development which provide a security interest in such Development for the benefit of the Agency. It is intended that this Agreement shall be recorded ahead of and have priority over the Deed of Trust.

(c) "Distribution" means any withdrawal, taking or payment of any assets, earnings or income of the Development excluding payments for current Operating Expenses of the Development and repayment of Operating Expense Loans.

(d) "Gross Income" means all rents, charges, rental subsidies, fees and any other income of the Development, and without limitation, such income derived from commercial facilities of the Development, if any.

(e) "Loan" means the Agency's loan or loans to the Borrower as evidenced by the Note.

(f) "**Loan Documents**" means this Agreement, the Note and Deed of Trust, as defined herein, and any other document evidencing or securing the Loan.

(g) "**Note**" means collectively:

(i) that certain promissory note entitled "California Housing Finance Agency Promissory Note, CalHFA Development No. 02-049-N (Permanent Financing)" of the Borrower in the face amount of Three Million Eight Hundred Twenty Thousand and No/100 Dollars (\$3,820,000); and

(ii) that certain promissory note entitled "California Housing Finance Agency Promissory Note, CalHFA Development No. 02-049-N (Permanent Bridge Financing)" of the Borrower in the face amount of One Million Eight Hundred Seventy Thousand and No/100 Dollars (\$1,870,000).

(h) "**Operating Expense**" means all reasonable and proper expenses of the operation of the Development, including, but not limited to, debt service on subordinate debt approved by the Agency (as evidenced by the Agency's final form CHFA 3), insurance, real estate taxes, ordinary maintenance and repair, costs of marketing, Development management fees, fuel, utilities, garbage disposal, sewer charges, audit expenses, all sums due or currently required to be paid under the terms of the Note or Deed of Trust, Agency required impound, reserve and escrow deposits, reasonable attorneys fees incurred in actions to terminate tenancies, and such other payments as the Agency may require or specifically approve in writing as Operating Expenses. In no event shall attorney fees or litigation costs other than as stated, nor expenditures normally required to be paid out of the Replacement Reserve, be treated as Operating Expenses unless specifically approved in writing by the Agency. Nonrecurring expenses in excess of Ten Thousand and No/100 Dollars (\$10,000.00) shall not be considered an approved Operating Expense unless specifically approved in writing by the Agency, which such approval shall not be unreasonably withheld.

(i) "**Operating Expense Loan**" means any loan by the Borrower or partner of the Borrower for the purpose of paying Operating Expenses of the Development. Operating Expense Loans may be repaid only with the approval of the Agency, which such approval shall not be unreasonably withheld and only after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development, including payments due under the Agency's Residual Receipts Loan, if applicable.

(j) "**Qualified Project Period**" means a period beginning on the later of the date of this Agreement or the first day on which ten percent (10%) of the units in the Development are occupied, and ending on the latest of (i) the date which is fifteen (15) years after the later of the date of this Agreement or the first date thereafter on which fifty percent (50%) of the units in the Development are first occupied, (ii) the date on which no tax-exempt "private activity bond," within the meaning of Section 141 of the Code, issued with respect to the Development is outstanding, or (iii) the date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates.

(k) "**Qualified Tenants**" means those tenants with special rights to occupy dwelling units in the Development as defined in Section 4(a) of this Agreement.

(l) "**Residual Receipts**" means that portion of Surplus Cash remaining at the end of the fiscal year after payment to the Borrower of Agency-approved Distribution.

(m) "**Surplus Cash**" means the balance of Gross Income of the Development remaining at the end of each fiscal year after payment of Operating Expenses, Agency-approved Operating Expense Loans, and reservation of cash required to meet current thirty- (30-) day obligations. For the purpose of computing Surplus Cash, Gross Income of the Development shall include any rent insurance proceeds, but shall exclude fire or other insurance proceeds, condemnation proceeds, and any security deposit which shall not have become the property of the Borrower free of the claim of any person claiming as or through the tenant having made such deposit.

(n) "**Sustaining Occupancy**" is deemed to have been achieved when, for at least three (3) consecutive months, (i) at least ninety-five percent (95%) of the total number of units are occupied, and (ii) Gross Income equals or exceeds that projected on the mortgage application approved at final commitment.

3. Maintenance as Residential Rental Property. The Borrower shall not take any action, or permit any action to be taken, which would result in the Development not being, or (except as expressly approved in writing by the Agency) in any proceeds of the Loan being used to provide other than, "residential rental property" within the meaning of 26 U.S.C. Section 142(d) of the Code. To that end, the Borrower represents, warrants and agrees that:

(a) The Development is comprised of at least two dwelling units and facilities functionally related and subordinate to the dwelling units. The portion of the Development that constitutes residential rental property shall be determined in accordance with Treasury Regulation Section 1.103-8(b)(4) and shall consist of the residential units in the Development, all other property of the Development benefiting only such units and the allocable portion of the Property of the Development benefiting both such units and other portions of the Development, as provided by the Treasury Regulations.

(b) Each of the dwelling units in the Development shall be similarly constructed, and shall contain complete, separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family.

(c) Each of the dwelling units in the Development shall be available for rental to members of the general public. None of the dwelling units in the Development shall at any time be utilized on a transient basis, shall ever be leased or rented for a period of less than thirty (30) days, or shall ever be used other than for housing purposes. The Development shall not be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court for use on a transient basis.

(d) The Development consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development's facilities comprise a

single geographically and functionally integrated project for residential rental property, as evidenced by the common ownership, management, accounting and operation of the Development.

(e) The Borrower shall not convert the Development to condominium or other individual unit ownership during the term of this Agreement. No part of the Development shall at any time be owned or used by a cooperative housing corporation except in compliance with the provisions of Section 143(k)(9) of the Code.

(f) If the Development comprises fewer than five (5) dwelling units, the Borrower shall not occupy any dwelling unit in the Development.

(g) All of the amounts advanced for the Development from the proceeds of the Loan shall be used to provide amounts paid or incurred on or after January 4, 2003 (sixty (60) days prior to the Agency's declaration of official intent to issue bonds) which are chargeable to the residential rental portion of the Development's capital account or would be so chargeable either with a proper election by the Borrower (for example under Section 266 of the Code) or but for a proper election by the Borrower to deduct such amounts. If any portion of a Development was acquired from or constructed by a Related Person of the respective Borrower (whether as a general contractor or a subcontractor), such costs include only the actual out-of-pocket costs incurred by such Related Person and not, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of such Development or payments received by such Related Person due to early completion of the Development (or any portion thereof). No proceeds of the Bonds will be spent on (1) leasing commissions, costs of advertising for any Development, or other costs related to the rental of units in any Development, (2) management fees for the management and operation of any Development after the completion date, or (3) interest allocable to any unit for any period after such unit is held available for rental. For purposes of this paragraph, "Related Person" shall mean a person with a relationship to a person such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code or (ii) such persons are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein.

(h) On the basis of the cost and economic life of each asset of the Development (under midpoint lives under the ADR System or guideline lives under Treasury Revenue Procedure 62-21, as the case may be), the weighted average estimated economic life of the Development exceeds the maturity of the Loan.

(i) No more than twenty-four and nine-tenths percent (24.9%) of the proceeds of any Loan may be used (directly or indirectly) for the acquisition of land (or an interest therein). The Borrower shall expend Loan proceeds for eligible costs in such amount as may be necessary to comply with the preceding sentence.

(j) The Borrower shall submit to the Secretary of the Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Development continues to meet the requirements of Section 142(d) of the Code.

(k) If loan proceeds are to be used for acquisition of an existing Development, an amount equal to at least fifteen percent (15%) of the acquisition cost of each building in the Development financed with proceeds of the Bonds shall be attributable to rehabilitation expenditures (as that term is defined in Section 147(d)(3) of the Code) with respect to such building which occupied within twenty-four (24) months after the later of the issuance of the Bonds or the date such building was acquired.

(l) If loan proceeds originally used to finance the Development are from qualified 501(c)(3) bonds, subsections (i) and (k) above are inapplicable, and the Borrower certifies the following:

(i) it has received an IRS determination that it qualifies as a 501(c)(3) corporation;

(ii) it will own and operate the Development in furtherance of its charitable purposes (as described in its application to the IRS for its 501(c)(3) determination) and not for pecuniary benefit;

(iii) the ownership and operation of the Development does not and will not in any respect or to any extent constitute an unrelated trade or business under Section 513(a) of the Code; and

(iv) it will maintain its existence as, and conduct its operations so as, to maintain qualification as an organization described in Section 501(c)(3) of the Code for the term of the Loan.

4. Tenant Income Limitations.

(a) For the term of this Agreement, at least twenty percent (20%) of the completed dwelling units in the Development shall be occupied or reserved for occupancy, on a continuous basis by individuals or families whose income does not exceed fifty percent (50%) of area median income, as adjusted for family size pursuant to Section 142(d) of the Code, and who constitute very low income households within the meaning of Section 51335 of the Law (collectively, "*Qualified Tenants*"). In no event, shall the occupants of a unit be considered to be Qualified Tenants if all such occupants are students (as defined under Section 151(c)(4) of the Code), no one of whom is entitled to file a federal joint return under Section 6013 of the Code. Units so occupied shall be rented at rents (including an allowance for utilities) which shall not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of area median income, as published by the Department of Housing and Community Development or U.S. Department of Housing and Urban Development, with adjustments for household size. The Agency shall from time to time make available to the Borrower schedules of and any changes in the dollar amounts of the rent and income limitations contained in this Section 4.

Except as provided in Subsection 4(b) below, a dwelling unit occupied by an individual or family who at the commencement of the occupancy qualifies as a Qualified Tenant shall be treated as occupied by a Qualified Tenant, even if such individual or family during their tenancy in such unit ceases to so qualify. Moreover, if vacated, such unit shall be treated as

occupied by a Qualified Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(b) No resident of a dwelling unit in the Development shall be denied continued occupancy because, after admission, the resident's family income increases (or family size decreases) so as to cause the family income to exceed the maximum income level for a Qualified Tenant. However, if a resident's family income increases (or family size decreases) so as to cause the family income to exceed one hundred forty percent (140%) of the applicable income limit, the Borrower shall ensure that the percentage requirements of this Section shall continue to be met by providing the next available unit or units to Qualified Tenants or by taking other actions to satisfy the percentage requirements of this Section. In determining whether such percentage requirements have been achieved, such requirements shall be complied with on June 30 of each year after any dwelling units in the Development are occupied.

(c) On a form approved by the Agency, the Borrower shall obtain a third party certification of income from each prospective tenant of a dwelling unit designated for rental by a Qualified Tenant prior to admission to the Development. An annual certification shall also be obtained from each tenant of a dwelling unit designated for rental by a Qualified Tenant on or about June 30 of each year. Copies of such certifications shall be sent to the Agency, shall be retained in the Borrower's files for a period of three (3) years and shall be available for inspection by the Agency or its agents upon request.

(d) On or before August 15th of each year the Borrower shall file with the Agency a report on a form approved by the Agency specifying the total number of dwelling units in the Development and the number of units occupied by Qualified Tenants as of June 30th of such year.

5. Agency Financing and Rental Requirements. In addition to the requirements of Sections 3 and 4, the Borrower covenants that:

(a) Unless otherwise approved by the Agency, rental charges to Qualified Tenants shall include all utilities except telephone and cable television; provided however, that where the Agency approves direct payment of utilities (in addition to telephone) by such tenants, such rental charges shall be calculated as if the estimated expense of such utilities were to be paid by the Borrower, but the amounts actually collected from such tenants shall be decreased by the estimated expense of such utilities approved by the Agency.

(b) The Borrower shall require every tenant in the Development to execute a lease in a form which may be subject to approval by the Agency and shall not lease any dwelling unit in the Development for less than thirty (30) days nor more than two (2) years. The form of lease shall provide for eviction procedures conforming to California law.

(c) The Borrower shall not discriminate against tenants or applicants who are recipients of federal rent subsidies pursuant to Section 8 of the United States Housing Act of 1937, as amended, or any successor subsidy program.

(d) Utilization of the commercial facilities of the Development, if any, shall be compatible with the residential uses of the Development. Any commercial tenants, improvements and lease provisions must be approved by the Agency. The Agency shall have the right to require existing and future commercial tenants to enter into nondisturbance and attornment agreements on commercially reasonable terms. The Borrower and each commercial tenant agree to do any acts and execute any documents necessary to effectuate the Agency's rights in this regard.

(e) The Borrower agrees to make available any and all units of the Development for the purposes of physical inspection by Agency personnel upon prior notice and in accordance with Agency policies and procedures. In addition, Borrower shall require that its managing agent inspect each unit at least on an annual basis.

(f) The Borrower shall not permit any interest to be charged nor to accrue on any advances to the Development from the Borrower or any affiliate of the Borrower except upon the following conditions: (1) prior written notice of such advance and the terms thereof shall be given to the Agency; (2) interest shall be limited to the rate on the Note; (3) the amount of such advance shall be no greater than necessary to pay current expenses; and (4) such advances shall be repaid after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development and prior to any Distributions from the Development. Failure of any of these conditions shall render the party making the advance liable to refund and/or forfeit all interest paid or due and shall be an event of default pursuant to this Agreement.

(g) The dwelling units to be occupied by, or reserved for occupancy by, Qualified Tenants shall be of comparable quality to all other dwelling units, shall be dispersed throughout the Development, and shall be in size and type available in the same percentages as the sizes and types of all other dwelling units.

(h) The Borrower represents and warrants that at all times its acts in connection with the Development have complied with and shall continue to comply with all applicable provisions of federal, state and local laws, all applicable provisions of the Act, the rules, regulations, policies and procedures of the Agency and all agreements with the Agency and any other public entities concerning the Development as amended from time to time. The Borrower represents to the Agency that professional advice is available to the Borrower for the purpose of enabling the Borrower to be aware of and to comply with said laws, policies, procedures and agreements. The Borrower agrees to indemnify the Agency against any loss incurred by the Agency as a result of the Borrower's failure to comply therewith.

Specifically, the Borrower acknowledges the existence of federal, state and local laws regarding handicapped accessibility and the relocation of persons displaced by the Development. The Borrower agrees that the Borrower, and not the Agency, is responsible for complying with such laws.

6. Establishment and Use of Reserve Funds. The Borrower shall establish and maintain the following reserve and escrow accounts. Unless otherwise specified herein or approved by the Agency, in its sole discretion, such accounts (i) shall be established on or before the Closing Date, (ii) shall be funded with cash, (iii) shall be under the control of the Agency at all times, (iv) may be invested by the Agency provided that income earned on such funds (minus 1%

per annum of the principal balance of the account, but only to the extent there are earnings, which may be retained by the Agency as an administrative fee) shall accrue to the account, (v) shall be used for the prescribed purposes, and (vi) shall have any remaining balance, upon the Agency's termination of the requirement for the particular reserve account, returned to the Borrower. Borrower agrees that any conveyance or transfer, voluntary or involuntary, of its interest in the Development shall have the effect of transferring to the successor-in-interest all of Borrower's interest in and all of its rights to, if any, the reserve and escrow funds without further act of the Borrower, and in refunding all or any part of the reserve and escrow funds, the Agency may deal with whoever is the record owner of the property at the time of termination. Borrower agrees that the Agency is granted a security interest in all required reserve and escrow funds which are intended to benefit the Development. Borrower hereby appoints the Agency, during the term of this Agreement, as its attorney-in-fact, to substitute any new owner of the Property or Development, or the Agency itself, as signatory of the reserve and escrow accounts, in the place of Borrower.

(a) Operating Expense Reserve. An Operating Expense Reserve (the "**OER**") shall be established and maintained from sources other than Gross Income in the amount of Fifty-One Thousand Three Hundred Forty-Four and No/100 Dollars (\$51,344), until such time as two (2) full consecutive Development fiscal years have passed in which the audited annual financial statement accepted by the Agency shows that Gross Income is sufficient to meet all Operating Expenses. The OER shall be funded on a one-time-only basis and, if drawn down, need not be replenished. The OER shall be used to fund any Operating Expenses not covered by Gross Income.

(b) Replacement Reserve. A Replacement Reserve (the "**RR**") shall be established and maintained until the termination of this Agreement. The RR shall be funded by deposits in the amount of One Thousand Four Hundred Eight and 33/100 Dollars (\$1,408.33) per month, due on the first day of each and every month commencing with the first payment due on the Note. The Agency may adjust, at any time, the amount of the monthly payments to be made into the RR as necessary to, in its sole discretion, keep pace with increases in the costs of replacing structural elements and equipment of the Development. The RR shall be used upon the Agency's written approval to replace major structural elements or equipment of the Development or for any other purpose consistent with maintaining the financial and physical integrity of the Development. Borrower agrees to make arrangements for a physical needs assessment and an evaluation, by an independent party acceptable to the Agency of current and future maintenance requirements of the Development. This physical needs assessment and maintenance evaluation shall occur upon the Agency's request and shall be forwarded to the Agency for review. The costs of such assessment and evaluation shall be an obligation of the Borrower.

(c) Construction Defect Security. On or before the Closing Date, the Agency shall be provided with a cash deposit or letter of credit, as approved by the Agency (the "**Construction Defect Security**" or "**CDS**"), in the amount of One Hundred Fifty-Four Thousand Four Hundred Eight and No/100 Dollars (\$154,408.00) (2.5% of the construction contract amount as of the date of completion) or such greater amount as may, in the sole discretion of the Agency, be necessary to adequately secure the Agency and Development against construction defects. The term "construction defect" as used herein shall mean all construction related physical problems including but not limited to deviations from the approved final plans and specifications for the Development. Such CDS shall be kept in effect for one (1) year from the date of Permanent Loan Closing and may be used or set aside for the correction of construction defects or related damages

which appear during such period and which are not corrected by the contractor or the Borrower within a reasonable time following the demand by the Agency for such correction. The date specified herein may be extended if payment of construction defect repairs will be paid after that date, or if there is an ongoing dispute regarding construction defects not yet repaired to the satisfaction of the Agency.

(d) Additional Escrows and Accounts. In addition to the MA, RUA, OER, RR, and CDS, the Agency may, prior to the Closing Date, require the establishment and maintenance of other reserve and/or escrow accounts as necessary to create reserves which, in the sole discretion of the Agency, are necessary or proper to ensure the feasibility of the Development.

7. Application of Funds if Default. In the event of a default under this Agreement, or any of the other Loan Documents, the Agency in its sole discretion may apply or authorize the application of the funds in any of the accounts provided for in Section 6, to any amounts then due under this Agreement or the other Loan Documents, or use such funds for the continued operation of the Development provided, however, that if the default is cured, all funds shall be returned to the appropriate account.

8. Non-Discrimination and Equal Opportunity. Occupancy of the Development shall be open to all regardless of race, sex, sexual orientation, marital status, familial status, age (except for senior citizen housing pursuant to California and Federal law), color, religion, disability, source of income, national origin or ancestry. The Borrower shall require that its officers, agents, employees, management agent, contractors, subcontractors, and employees associated with the Development provide equal opportunity for employment and that they shall not engage in any unlawful discriminatory conduct. In addition, the Borrower agrees to conduct its own affirmative marketing programs as approved by the Agency.

9. Qualified Tenant's Rental Limits Increase Procedure.

(a) The Agency will, from time to time, revise the maximum rental limits applicable to dwelling units reserved for Qualified Tenants by a percentage equal to any percentage change in county median income. Until such time as the Agency mails a notice of such change of rent limits to the Borrower (or such change is posted on the Agency's website), the previously existing charges shall apply.

(b) Upon receipt of new rental limit schedules, the Borrower may increase, and shall, if necessary, decrease the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that, no Qualified Tenant shall have a rent increase sooner than one (1) year after initial occupancy, and provided further, no Qualified Tenant shall have an annual rent increase in excess of the percentage increase in the county median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year-to-year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

10. Financial Covenants. In addition to, but not by way of limitation of, all other duties of the Borrower set forth herein, the Borrower shall comply with the following:

(a) Audit. The Development and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination, inspection and copying at any reasonable time by the Agency or by its authorized representative upon reasonable notice to Borrower.

(b) Books and Records. The books and records of the Development shall be kept by the Borrower in accordance with the requirements of the Agency.

(c) Financial Reporting.

(i) Within sixty (60) days following the end of each fiscal year of the Development, the Agency shall be furnished by the Borrower with a complete annual financial report on the Development based upon an examination of the books and records of the Development, prepared in accordance with the requirements of the Agency, and certified by the Borrower, and at the Borrower's expense, by an independent certified public accountant licensed in California and acceptable to the Agency. Each such financial report shall be subject to the approval of the Agency and when approved by the Agency shall be a "*Development Financial Report*" as referred to herein;

(ii) Within twenty (20) days following the end of each month, the Agency shall be furnished by the Borrower with a complete monthly financial report. The monthly financial report must include a detailed accounting of, without limitation, all income and expenses, accounts receivable, accounts payable and disbursements received or made in the month reported.

(d) Furnishing Information. At the request of the Agency, the Borrower shall furnish such reports, financial statements, projections and analyses as may be required from time to time by the Agency and shall give specific answers to questions upon which information is desired relative to the income, expenses, assets, liabilities, contracts, operations and conditions of the Borrower and the Development. Borrower understands and agrees that the content of such reports, statements, projections, analyses and other information may be disclosed in any documentation prepared in connection with the issuance by the Agency of its Bonds and may otherwise be publicly disclosed in accordance with state and federal law.

(e) Development Account.

(1) The Borrower shall establish an account (the "*Development Account*") with a depository, which is insured by the Federal Deposit Insurance Corporation ("*FDIC*") or by a successor in interest to FDIC into which all Gross Income of the Development shall be deposited when received. The Borrower or any person receiving funds and tenant security deposits of the Development other than as permitted by this Agreement shall immediately deposit such funds in the Development Account and failing to do so shall hold such funds in trust for the Development. The Borrower or any person receiving any property of the Development in violation of this Agreement shall immediately deliver such property to the Agency, and failing to do so shall hold such property in trust for the Development. Reserves, deposits, rents, charges, fees and any other deposits and/or income of the Development as used herein shall also include, without limitation, such income derived from commercial facilities of the Development, if any.

(2) Agency shall have a first priority security interest in the Development Account, and Borrower hereby grants Agency a security interest in the Development Account. Immediately upon establishing the Development Account, Borrower shall notify the Agency of the identity of the depository, the branch where the account is established and the account number. The depository shall be required to execute a deposit account control agreement within the meaning of Article 9 of the California Uniform Commercial Code ("**Control Agreement**"), in a form acceptable to the Agency, to perfect the Agency's security interest in such account. Agency shall be entitled to exercise its rights under the Control Agreement upon Borrower's default, as determined by the Agency in its sole discretion, under the Loan Documents. However, the Agency shall not be obligated to give the Borrower the advance notice of default required by Section 16 of this Agreement prior to giving the depository the written "Notice of Exclusive Control" provided for in the Control Agreement.

(3) Borrower may not transfer the Development Account to another depository without the prior written consent of the Agency, which consent, if granted in the agency's sole discretion, shall be conditioned upon the new depository executing a Control Agreement.

(4) Disbursements from the Development Account shall be permitted only to administer security deposits and to pay Operating Expenses and permitted Distributions.

(5) The Borrower shall maintain security deposits in accordance with applicable law.

(f) Annual Operating Budget. The Borrower shall submit to the Agency a proposed operating budget for the Development not later than sixty (60) days prior to the beginning of each fiscal year of the Development. The proposed operating budget shall set forth the anticipated Gross Income of the Development and a detailed estimate of all Operating Expenses thereof, which shall include an itemization of administration expenses, maintenance expenses, cost of utilities, hazard insurance, earthquake insurance, taxes and assessments, Loan principal and interest, deposits to all funds, reserves or accounts required by the Agency and/or established by the Borrower. The budget shall be in a form satisfactory to the Agency and shall otherwise be consistent with the requirements of this Agreement. Upon approval by the Agency, such proposed operating budget shall be the operating budget for the ensuing fiscal year.

11. Development Management.

(a) The Borrower shall provide for the management of the Development in a manner satisfactory to the Agency, shall employ a bonded and licensed management agent, develop a management plan, and use a management agreement acceptable to the Agency. A fidelity bond shall be maintained in an amount equal to one month's gross rent and shall insure the Borrower and the Agency against misapplication of Development Funds. **All management agreements shall include a copy of this Agreement, which shall be incorporated therein, and made a part of the contract.** The management agreement shall be structured so that it is subject to termination with or without cause by the Borrower or the Agency, and without penalty, upon not less than thirty (30) days prior written notice to the management agent. Any liability associated with the termination of the management contract shall be the sole obligation of the Borrower. Upon notice of termination,

the Borrower agrees to make immediate alternative arrangements, satisfactory to the Agency, for the continued management of the Development. In the event that the Borrower shall fail to make such alternative arrangements for a substitute managing agent within a reasonable time (which in no event shall exceed sixty (60) days from the date of the sending of the termination notice), the Agency shall have the unilateral right to make such alternative arrangements. The amount of the management agent's compensation shall be subject to approval by the Agency, which shall not be unreasonably withheld.

(b) The Borrower shall require that a Resident Selection/Affirmative Fair Housing Marketing Plan ("*Plan*") be prepared and maintained in cooperation with the managing agent. This Plan shall be subject to the approval of the Agency. In carrying out this Plan, the Borrower/management agent shall:

(1) Lease no less than twenty percent (20%) of the total units of all sizes and types to Qualified Tenants;

(2) Give preference to the applicants in the following order:

(i) persons displaced by:

a. natural disaster,

b. construction of this Development,

c. other public action,

d. other causes, provided that such displacement shall be certified in writing by a government agency, and

(ii) all other applicants;

(3) Begin marketing of the Development at least ninety (90) days prior to the availability of the units for occupancy;

(4) Assure that all advertising, (including letterheads, brochures and media advertising, shall include "Equal Housing Opportunity" and the "handicapped" logo. Further, if advertisements contain human models, a mix of minority and non-minority models are to be used to reflect the open housing philosophy. No preference for any economic status or lifestyle shall be depicted;

(5) Where a significant number of persons in the community have limited fluency in the English language, provide publications, information, brochures and leases in the native language of such persons; "Significant number of persons" is deemed to be at least twenty-five percent (25%);

(6) Develop and maintain a policy and procedure for the selection and rejection of applicants, and a grievance and eviction policy and procedure for tenants of the Development;

(7) Assure that tenant selection is carried out without favoritism or partiality and that no preference is given to any applicant other than as provided herein;

(8) Give each tenant selected, at the time of acceptance, a written copy of the tenant eviction and grievance procedures for the Development and all amendments thereto; and

(9) Where necessary, conduct such additional marketing as reasonably required to fulfill affirmative marketing goals and meet other goals of the Plan.

12. Certain Acts Prohibited. The Borrower shall not, without the prior written approval of the Agency, do any of the following. The granting of the Agency's approval shall be in its sole, unfettered discretion and may be conditioned upon the satisfaction of such terms and conditions as the Agency may prescribe.

(a) Make any sale, assignment, conveyance or transfer in any other form of the Development or any part thereof or of any of its interest therein, whether voluntarily or involuntarily, or by operation of law.

(i) A transfer by the Borrower in whole or in part, or a transfer by a party having a substantial interest in said Borrower, or transfers by more than one party of interests aggregating a substantial interest in said Borrower, or any other similarly significant change in the ownership of interests in the Borrower, or in the relative distribution thereof, or with respect to the parties in control of the Borrower or the degree thereof, by any other method or means (e.g., increased capitalization, merger with another corporation or other entity, corporate or other amendments, issuance of new or additional ownership interests or classification of ownership interests or otherwise) shall be deemed an assignment, conveyance, or transfer for purposes of this subsection. An assignment by the Borrower to a limited partnership, in which no limited partner has a 25 percent or more interest and of which the Borrower is the sole general partner, shall not be considered an assignment, conveyance, or transfer.

(ii) The term "substantial interest" means the interest of any general partner, any limited partner having a 25 percent or more interest in the organization, any corporate officer or director, and any stockholder having a 10 percent or more interest in the organization.

(b) Make any Distribution not permitted by the terms of this Agreement,

(c) Assign or transfer any right to manage the Development.

(d) Materially remodel, add to, reconstruct, demolish or damage any part of the Development.

(e) Require, as a condition of the occupancy or leasing of any dwelling unit in the Development to Qualified Tenant, any consideration or deposit other

than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one (1) month's rent to guarantee the performance of the covenants of the lease.

- (f) Incur any liability or obligation in connection with the Development, contingent or otherwise, other than for current Operating Expenses and for the indebtedness evidenced by the Note, or incur any liability or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Development.
- (g) Invest any funds from the Development in any property, real, personal, or mixed, except as authorized by this Agreement, or deposited any such funds in a depository not authorized by this Agreement; or
- (h) Make a loan of any funds from the Development to any person or entity; or
- (i) Fail to establish or maintain the accounts required by Section 6 of this Agreement.
- (j) Cause or permit the Development to be maintained in a condition which the Agency deems, in its sole discretion, as an impairment of its security interest, or a violation of the Borrower's obligation to maintain the Development in a safe, sanitary and decent condition.
- (k) If the Development receives Section 8 assistance, cause or permit the loss of Section 8 units under the Housing Assistance Payment Contract ("*HAPC*"), or fail to apply for or accept any extension of the HAPC.

13. Distributions.

(a) The Borrower shall be entitled to an annual Distribution of Surplus Cash. The Agency shall make an annual review of the Development Financial Report which shall be prepared in accordance with the Agency's Property Management Manual as amended from time to time, and determine whether a Distribution should be approved.

(b) If the debt service schedule of the Note is not payable from Surplus Cash or Residual Receipts, from time to time during the fiscal year, upon Agency approval, the Borrower may take advances on its reasonably expected annual distribution for the fiscal year. Such advances shall only be taken if there are no undisputed accounts payable older than thirty (30) days and there are sufficient funds to pay anticipated Operating Expenses coming due within the next thirty (30) days. The amount distributed shall not, in the aggregate, exceed the amount of the reasonably expected annual Distribution for the fiscal year. Such advances shall be reconciled to the monthly financials and the Development Financial Report for the fiscal year and, to the extent they exceed the approved annual Distribution, shall be refunded to the Development Account upon immediate demand by the Agency.

(c) If any debt service payable to the Agency derives from Surplus Cash or Residual Receipts, the Borrower shall not be entitled to advances of Distributions as discussed in subsection (b). All Distributions shall be taken annually and only after the Agency's prior written approval.

(d) Except as provided in subsection (b), no Distribution shall be taken, made, received or retained by the Borrower or any other persons or entity without the prior written approval of the Agency. The Agency shall not unreasonably withhold its approval of a Distribution request. Notwithstanding the foregoing, the Agency shall not be required to approve Distributions to be made from borrowed funds, or to be made while there is any violation or default under the terms of this Agreement or any of the other Loan Documents.

(e) The proceeds of any unapproved Distribution, while retained, shall be held by the recipient as trustee for the Development and shall be immediately refunded to the Development upon demand. The recipient of an unapproved Distribution shall be obligated to pay interest thereon to the Development at the rate of the Note for the period that the Distribution is retained by the recipient.

14. Actions. The Borrower agrees to notify the Agency promptly in writing of any action or proceeding by or against the Development or by or against the Borrower with respect to the Development. No action or proceeding seeking the recovery of a sum in excess of Ten Thousand and No/100 (\$10,000.00) or for specific performance or other equitable relief shall be instituted by the Borrower with respect to the Development, nor shall any action or proceeding seeking the recovery from the Development, or from the Borrower with respect of the Development, of a sum in excess of Ten Thousand and No/100 (\$10,000.00) or for specific performance or other equitable relief against the Development, or against the Borrower in respect of the Development, be settled or compromised by the Borrower, without the prior approval of the Agency. Any such approval may be subject to such terms and conditions as the Agency, may prescribe.

15. Assignment of Rents for Security. As security for the performance of the Borrower of all its obligations under this Agreement, the Borrower hereby assigns and pledges to the Agency all of the Borrower's right, title and interest in and to the rents, profits, income and charges of whatsoever kind or nature which it may receive or be entitled to receive from the operation of the Development, subject, however, to any assignment of rents or like provision contained in the Deed of Trust or in any of the other Loan Documents; provided, however, that unless and until a default under this Agreement is declared by the Agency or a default or event of default shall have occurred under any of the other Loan Documents, the Borrower shall be permitted to collect and retain such rents, profits, income and charges, subject to the provisions of this Agreement.

16. Violation of Agreement by the Borrower. In the event of the violation of any of the provisions of this Agreement by the Borrower, the Agency shall give written notice thereof to the Borrower by registered or certified mail addressed to the Borrower at the address stated in this Agreement, or to such other address as may have been designated by the Borrower in writing, and if such violation is not corrected to the satisfaction of the Agency within thirty (30) days after the date such notice is mailed (or within such further time as the Agency in its sole discretion may

permit), the Agency may without further prior notice declare in writing a default under this Agreement effective on the date of such declaration of default, and upon any such declaration of default, or, irrespective of any such declaration of default, upon the occurrence of a default or event of default under any of the other Loan Documents, the Agency may:

(a) Declare the whole of the principal amount of the indebtedness evidenced by the Note immediately due and payable and proceed with the rights and remedies provided for in the Loan Documents.

(b) Collect all rents, rental subsidies, profits, income and charges in connection with the operation of the Development and use same or the proceeds thereof, in such order as the Agency may determine, toward satisfaction of the Borrower's obligations under this Agreement or any of the Loan Documents; and toward payment of the necessary expenses of preserving and operating the Development.

(c) Take possession of the Development, bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Development, and operate the Development in accordance with the terms of this Agreement until such time as the Agency, in its sole discretion, shall determine that the Borrower is again in a position to operate the Development in accordance with the terms of this Agreement and in compliance with the requirements of any of the other Loan Documents.

(d) Apply to any court, state or federal, for specific performance of this Agreement; for an injunction against any violation by the Borrower of this Agreement; for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement; or for such other relief as may be appropriate, it being agreed by the Borrower that the injury to the Agency arising from the default under any of the terms of this Agreement would be irreparable and that it would be extremely difficult to ascertain the amount of compensation to the Agency which would afford adequate relief.

(e) In addition, if and to the extent necessary to correct any such default, the Borrower hereby grants to the Agency the option to lease, from time to time, units in the Development for a rental of one dollar (\$1.00) per unit per year for the purpose of subleasing such units to comply with Sections 3 and 4 of this Agreement. Any rents received by the Agency under any such sublease shall be paid to the Borrower after the Agency has been reimbursed for any expenses incurred in connection with such sublease, provided, that if the Borrower is in default under the Loan, such rental shall be used to make payments of Loan principal and interest or otherwise to cure such defaults.

17. Interest Charges. In the event that the Borrower fails to make timely payment of any money provided for in this Agreement, then such payment obligation shall be increased to include interest at the rate of the lesser of ten percent (10%) simple interest per annum or the maximum rate permitted by law.

18. Action by the Agency. Except as may be otherwise specifically provided herein, whenever any approval, notice direction, consent, request or other action by the Agency is required

or permitted under this Agreement such approval, notice direction, consent, request or other action shall be in writing.

19. Integration and Amendments. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Agency in writing.

20. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

21. Binding on Successors. This Agreement shall bind, and the benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors and assigns; provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior approval of the Agency. Except as expressly provided herein, this Agreement shall be for the exclusive benefit of the parties hereto and shall not confer any rights upon any third party. In the event the Borrower transfers title, possession or control of the Development to a third party, the Borrower covenants to require as a condition of transfer that such third party agrees to be bound by and to operate the Development in accordance with this Agreement. The Agency is deemed to be the beneficiary of such conditions and agreements with the right to enforce them against any such third party.

22. Recordation. This Agreement shall be acknowledged by each of the parties and recorded in the official records of the county in which the Development is located.

23. Election of Remedies; Events of Default. The remedies of the Agency hereunder and under the other Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

24. Waiver by Agency. No waiver by the Agency of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereof or default hereunder.

25. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

26. Legal Notices. Written notices pursuant to Section 16 of this Agreement by and between the parties hereto shall be addressed as follows unless and until a party hereto has, in writing, communicated a different address to the other party hereto, provided, for notices other than to Borrower, CalHFA shall use its best efforts, and provided further that no legal consequences shall arise by reason of CalHFA's failure to give notice to:

Borrower: Oregon Investors VII Limited Partnership
 c/o Cascade Housing Association
 87460 Cedar Flat Road
 Springfield, Oregon 97478
 Attn: Kelly R. Williams

Limited Partner: MMA Financial Warehousing, LLC
 c/o MMA Financial TC Corp.
 101 Arch Street, 14th Floor
 Boston, Massachusetts 02110
 Attn: Geoffrey Giancola

Agency: Office of the General Counsel
 California Housing Finance Agency
 1415 L Street, Suite 500
 Sacramento, California 95814

27. Attorney Fees, Costs. In any nonjudicial foreclosure process, or action to enforce or relating to any provision of the Loan Documents, the prevailing party shall be entitled to recover from the other party, its costs and expenses. The term "costs and expenses" as used herein shall include all costs and expenses actually and reasonably incurred including but not limited to attorney fees; filing, motion, and jury fees; juror food and lodging; taping, videotaping, and transcribing depositions and travel expenses to attend depositions; service of process by a public officer, registered process server, or other means; expenses of attachment including keeper's fees; premiums on surety bonds; ordinary witness fees pursuant to Section 68093 of the California Government Code; fees of expert witnesses whether or not ordered by the court; transcripts of court proceedings whether or not ordered by the court; court reporters fees as established by statute; investigation expenses in preparing the case for trial; postage telephone, and photocopying charges; costs in investigation of jurors or in preparation for voir dire; models, blowups and photocopies of exhibits, and any other item that is required to be awarded to the prevailing party pursuant to statute as an incident to prevailing in the action at trial or on appeal. Such costs and expenses shall be recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

28. No Conflict With Other Documents. The Borrower warrants that it has not, and shall not, execute any other agreement with provisions contradictory to the provisions hereof, and that, in any event, the requirements of this Agreement shall be paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

29. Agency Insurance Requirements. The Borrower shall maintain insurance on the Development in substantial conformance with the requirements of the Agency as amended from time to time. As of the date of this Agreement, the Agency's requirements are set forth in that certain "Insurance Requirements For California Housing Finance Agency Developments" attached hereto as **Exhibit B** and incorporated herein by this reference.

30. Maintenance. The Borrower shall maintain the Development in a decent, safe and sanitary condition and in a good state of repair as determined by the Agency in its sole discretion.

31. Indemnification. The Borrower shall indemnify, defend (with counsel reasonably chosen by the Agency, at the Agency's option), and hold the Agency, and its employees, officers, agents, and board members harmless against all claims which arise out of or in connection with the ownership or occupancy of or construction on or in connection with the Development (including, without limitation, rehabilitation) by the Borrower or the Borrower's contractors, subcontractors, agents, employees, or tenants. This section shall survive the termination of this Agreement.

32. Environmental Covenants. The Borrower represents and warrants that after reasonable investigation and inquiry, and except as indicated in the Phase I environmental report submitted to the Agency, as of the closing date it has no knowledge of any hazardous substance or environmental condition on or within two thousand (2,000) feet of the Development which may adversely impact the security of the Loan, or which may render the Development financially infeasible, or which may affect the health and safety of the occupants, the Development, or which may present an undue risk of liability to the Agency. The Borrower agrees to comply with all laws and orders of any federal, state or local governmental agency relating to clean-up or remediation, or other response action required by applicable law or order concerning a release or threatened release of hazardous substances in or on the Development. The term "hazardous substance" as used in this paragraph shall mean as defined at Code of Civil Procedure Section 736(f)(3).

The Borrower shall give any and all environmental notices to tenants and/or workers (both employee and independent contractor) which may be required by state or federal law. The Borrower hereby agrees to indemnify and hold the Agency harmless for any and all liability arising out of the presence of hazardous substances on the Development during the longer of the term of the Loan or the term of the Regulatory Agreement. Liability may be established by, among other forms of demands, a demand in the form of a judgment, a settlement, or an administrative order; and may include costs, fees, penalties, interest, attorney fees, and other costs related thereto. Whereas the purpose of this indemnity is to protect the Agency from harm, the rights to recover shall accrue as soon as the liability is incurred or costs are advanced. The term "any and all liability" shall include, but shall not be limited to, liability for: (a) the clean-up of hazardous substances; (b) claims for contribution or apportionment of remedies, and (c) claims for physical or other damages to persons, property, or natural resources. The duty of the Borrower to indemnify and hold the Agency harmless shall include the duty to defend as set forth in California Civil Code Section 2778.

33. Intentionally Deleted.

34. Intentionally Deleted.

35. Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which constitute one and the same instrument.

36. 3 Year Tax Credit Period. If this Development was assisted by federal tax credits, and in the event that it is determined that IRS Code Section 42(h)(6)(E) (ii) is applicable to the Agency, and in the event that the Agency were to take over ownership of the Development as a result of a foreclosure, the Agency will comply with the 3 year extended use requirement as specified therein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BORROWER:


AGENCY:

OREGON INVESTORS VII LIMITED PARTNERSHIP, an Oregon limited partnership

CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and political subdivision of the State of California

By: **Cascade Housing Association**, an Oregon non-profit corporation
Its General Partner

By: 

By: 
Name: Kelly R. Williams
Title: Secretary-Treasurer

Name: _____
Title: **BRUCE D. GILBERTSON**
DIRECTOR OF FINANCING

- Exhibit A - Legal Description of the Development
- Exhibit B - Agency Insurance Requirements

ACKNOWLEDGMENTS

ALL PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA
SS
COUNTY OF SACRAMENTO

On January 11, 2006, before me, J. Murray Beardwood, Notary Public, personally appeared Bruce D. Gilbertson, personally known to me to be the person whose name is subscribed in 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.

WITNESS my hand and official seal.



J. Murray Beardwood
Notary Public in and for said State

-----**(Optional)**-----

Regulatory Agreement
Title or Type of Document

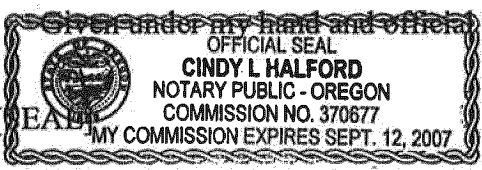
ACKNOWLEDGMENT

STATE OF OREGON)

COUNTY OF LANE)

On this 13th day of January in the year 2006,
before me, Cindy L. Halford, personally appeared
Kelly R. Williams

_____, personally known to me (or 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.



Given under my hand and official seal this 13th day of January, 2006
Cindy L. Halford
Notary Public

My Commission Expires:
September 12, 2007

EXHIBIT A**Legal Description**

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

All that portion of the lands of Amaral as described in the Deeds as filed in Document No. 95-33674 and Document No. 2001-43532, Nevada County Records, situate within the Southwest quarter of Section 24, Township 16 North, Range 8 East, M.D.B. & M., and more particularly described as follows:

COMMENCING at the Southeast corner of the herein described area from which the Southeast corner of said Section 24 bears the following two courses, North 62° 29' 00" East 310.97 feet and South 75° 54' 58" East 4004.35 feet; thence from said point of commencement along the Southerly line South 62° 29' 00" West 375.32 feet to the Southwest corner and being situate on the Easterly line of Sutton Way; said Southwest corner being situate on a curve to the left, concave to the Southwest, having a radius of 580.00 feet and an initial radial bearing of South 74° 30' 03" West; thence along said curve through an arc of 18° 41' 42" for a distance of 189.25 feet to the end thereof, thence North 34° 11' 40" West 175.23 feet to the most Westerly corner of the herein described area and being the Southwest corner of the lands of PG&E as described in the Deed filed in Book 470, Official Records, at Page 458, thence along the lines common to said PG&E the following two successive courses, North 89° 54' 54" East 157.35 feet; thence North 15° 29' 10" West 305.00 feet to the Northwest corner of the herein described area; thence along the Northerly Line South 82° 30' 00" East 402.75 feet to the Northeast corner of the herein described area; thence along the Easterly line South 05° 15' 00" East 385.72 feet to the point of commencement.

The above described area being further delineated on the Record of Survey, filed in Book 12 of Surveys, at Page 475, Nevada County Records.

EXCEPTING THEREFROM as to an undivided 1/2 interest in and to the minerals below the depth of 75 feet beneath the surface as provided in the Deed recorded October 23, 1948, in Book 136 of Official Records, at Page 17, Nevada County Records, executed by Idaho Maryland Mines Corporation, a Corporation, to Errol MacBoyle.

ALSO EXCEPTING THEREFROM as to an undivided 1/2 interest in and to all oil, gas, other hydrocarbon and minerals, lying below a plane 200 feet beneath the surface as described in the Quitclaim Deed recorded May 21, 1974, executed to Marlan Ghidotti.

APN: 35-412-25

EXHIBIT B**CALIFORNIA HOUSING FINANCE AGENCY****INSURANCE REQUIREMENTS
FOR CALIFORNIA HOUSING FINANCE AGENCY DEVELOPMENTS**

Owner shall procure and maintain for the duration of the loan, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the owners operation of the premises to which this contract applies.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Property insurance against the perils of fire, "extended coverage", vandalism, and malicious mischief to real property and business income (rents).
2. If not granted a waiver, Property insurance against the perils of earthquake and flood for both real property and business income (rents) (may be purchased through CalHFA).
3. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
4. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
5. Workers Compensation insurance as required by the State of California and Employer's Liability Insurance.
6. Boiler and Machinery coverage against standard "broad form" perils.

Minimum Limits of Insurance

Owner shall maintain limits no less than:

1. Property Insurance: Full replacement cost with no coinsurance penalty provision for real property, and at least the annual gross potential rental income for the development for business interruption coverage.
2. General Liability: (Including operations, products and completed operations.) **\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

3. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
4. Employer's Liability: **\$1,000,000** per accident for bodily injury or disease.
5. Earthquake and Flood:
 - (a) Limit as provided through participation in the earthquake and flood DIC policy coverage offered through the Agency, or.
 - (b) For new proposed projects, application to Multifamily Programs underwriting for a waiver.
 - (c) For projects not covered by the Agency policy or granted a waiver, total replacement value (building replacement cost plus business interruption value) with no coinsurance penalty provision.

Blanket earthquake insurance policies will be considered on a case by case basis.

6. Boiler & Machinery: **\$1,000,000.**

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by CalHFA. At the option of the CalHFA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CalHFA, its officers, officials, employees and volunteers; or the owner shall provide a financial guarantee satisfactory to CalHFA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

Notwithstanding the foregoing, the owner may select deductibles no greater than \$10,000 per occurrence on Property and Boiler & Machinery coverages, and no greater than 5% of the values per building per location at the time and place of the loss per occurrence on Earthquake and Flood coverages.

Other Insurance Provisions

With respect to Property and Earthquake and Flood coverage, the Agency's interest shall be protected by a Lenders Loss Payable Endorsement naming the Agency as "Loss Payee."

Crime Coverage: The Agency recommends, but does not require owner to carry insurance covering money or other property against burglary, robbery or theft.

Directors and Officers: The Agency recommends but does not require liability insurance for directors and officers of non-profit boards.

The general liability policy is to contain, or be endorsed to contain, the following provisions:

1. The owner's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the Agency shall be excess of the owner's insurance and shall not contribute with it.
2. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, reduced or modified except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.
3. The Agency, its officers, officials, and employees are to be covered as additional insureds with respect to liability arising out of ownership, maintenance or use of the premises.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII or an S&P rating of AA.

Verification of Coverage

Policies must be acquired at initial occupancy and a certificate of insurance must be submitted to the Agency for approval 45 days prior to permanent loan recordation. Renewal insurance certificates must be submitted 30 days prior to the expiration date of any current certificate.

Impounds

At the time of permanent loan closing, the Agency will establish insurance impounds.

EXHIBIT “P”

From: [Cristina Green](#)
To: [Denni Ragsdale](#); [Marian Grant](#)
Cc: [Kristi Isham](#)
Subject: RE: [External] - RE: Additional questions to the removal of the carport at Cedar Park Apt., (CalHFA Dev. No 02-0270-N) & Glenbrook Apts., (CalHFA Dev. No. 02-049-N)
Date: Monday, May 8, 2023 10:52:49 AM

Good morning, Denni,

The borrower does not have to replace the carports that were removed.

Please keep in mind that section 12(d) of the Regulatory Agreement states that the borrower is not allowed to materially remodel, add to, reconstruct, demolish, or damage any part of the development. In the future, if there is a need to any of these actions, please contact the Agency for approval.

Thank you,

Cristina Green

Housing Finance Officer

Multifamily - Asset Management

California Housing Finance Agency

Cell:310.736.8504

Office Address: 500 Capitol Mall, Ste. 1400, MS 990, Sacramento, CA 95814

This message and any attached documents contain information from the California Housing Finance Agency that may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute, or use this information. If you have received this transmission in error, please notify the sender immediately by reply e-mail and then delete this message. Thank you.

From: Denni Ragsdale <denni.ragsdale@cascadehousing.org>
Sent: Friday, May 5, 2023 3:44 PM
To: Marian Grant <MGrant@CalHFA.ca.gov>
Cc: Cristina Green <CGreen@CalHFA.ca.gov>; Kristi Isham <kristi.isham@cascadehousing.org>
Subject: [External] - RE: Additional questions to the removal of the carport at Cedar Park Apt., (CalHFA Dev. No 02-0270-N) & Glenbrook Apts., (CalHFA Dev. No. 02-049-N)

CAUTION: This email was sent from a non-CalHFA email address. Please do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Marian,

I hope this email finds you doing great, and enjoying your Friday!

We wanted to follow up on this email and find out CalHFA's stance on if we must replace the carports that were destroyed and removed from the properties? Could you please let us know when you have a moment?

Thank you so much!

Denni Ragsdale

Cascade Housing Association

P.O. Box 182

Springfield, OR 97477

Office: 541.726.6181

Direct: 916.813.0783

denni.ragsdale@cascadehousing.org

From: Kristi Isham <kristi.isham@cascadehousing.org>

Sent: Tuesday, April 11, 2023 1:11 PM

To: MGrant@CalHFA.ca.gov

Cc: Denni Ragsdale <denni.ragsdale@cascadehousing.org>; CGreen@CalHFA.ca.gov

Subject: FW: Additional questions to the removal of the carport at Cedar Park Apt., (CalHFA Dev. No 02-0270-N) & Glenbrook Apts., (CalHFA Dev. No. 02-049-N)

Marian,

Please see attached pictures and responses in red below. Apologize for the lag time in responding.

Thanks

Kristi

From: Marian Grant <MGrant@CalHFA.ca.gov>

Sent: Monday, April 03, 2023 11:57 AM

To: Denni Ragsdale <denni.ragsdale@cascadehousing.org>

Cc: Kristi Isham <kristi.isham@cascadehousing.org>; Cristina Green <CGreen@CalHFA.ca.gov>

Subject: Additional questions to the removal of the carport at Cedar Park Apt., (CalHFA Dev. No 02-0270-N) & Glenbrook Apts., (CalHFA Dev. No. 02-049-N)

Hello Denni,

I have a few questions regarding the removal of the carport for Cedar Park and Glenbrook Apts.,

Were there bids for the removal of the carport? **No, emergency processes to get carports down before more fell down and damaged more cars.**

What is the reason for the removal of the carport? **They were falling on cars parked under them and a major safety concern as people and kids were out playing in the snow and in day to day activities.**

Where there any lien release to the removal of the carport? **No pre-liens filed due to exigent circumstances. Contractor had knowledge of working for ownership from previous jobs.**

Please provide all support documents to the questions.

Thank you,

Please note my new address and phone number

Ms. Marian Grant

California Housing Finance Agency

500 Capitol Mall, Ste., 1400 MS 990

Sacramento, CA 95814

MGrant@CalHFA.ca.gov

www.CalHFA.ca.gov

Direct Line: 916-201-8613

Sign up for our [Enews Announcements](#) to receive occasional Multifamily program updates and more.

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Please consider the environment before printing this email.

From: Denni Ragsdale <denni.ragsdale@cascadehousing.org>

Sent: Thursday, March 16, 2023 12:58 PM

To: Marian Grant <MGrant@CalHFA.ca.gov>

Cc: Kristi Isham <kristi.isham@cascadehousing.org>

Subject: [External] - Cedar Park Apartments (CalHFA Dev. No 02-0270-N) & Glenbrook Apartments (CalHFA Dev. No. 02-049-N)

CAUTION: This email was sent from a non-CalHFA email address. Please do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Marian,

I hope you are doing well and surviving all the storms that you all have been experiencing!

We are reaching out with a question regarding two of our projects located in Grass Valley, Cedar Park Apartments (CalHFA No. 02-0270-N) and Glenbrook Apartments (CalHFA No. 02-049-N). Both projects experienced carport failures at the end of February, beginning of March, due to the

weight of the snow that had accumulated with the storms at that time. For safety reasons, we have successfully removed all carports from both projects, however would like to confirm with CalHFA that we are not required to replace them? We are not seeing any language in our agreements stating this, however, want to make sure we are covering our bases.

When you have a moment to respond we would greatly appreciate that.

Take Care,

Denni Ragsdale

Cascade Housing Association

P.O. Box 182

Springfield, OR 97477

Office 541-726-6181

Direct 916-813-0783

EXHIBIT “Q”



1750 Prarie City Road
 Suite 130-1180
 Folsom, CA 95630
 (916) 747-9967
 CA Lic# 1041002

PROPOSAL

Brief description of work: Construct carports at Oakridge, Glenbrook, and Cedar Park apartments as previously configured. Includes carport lighting and parking lot work.

General Requirements

Permits and testing	BY OWNER
Plans for submittal to City of GV	BY OWNER
General Conditions	6 Months
Superintendent	1 EA
Resident protection measures	

Existing Conditions

- Demo old carport footings
- Demo old lighting conduits

Masonry

- Pour new footings per engineering from carport manufacturer
- Patch asphalt as needed
- Patch sidewalks as needed
- Restripe asphalt in areas of work

Metals

- Provide carports and associated engineering
- Construct 20 units at Cedar Park
- Construct 12 units at Glenbrook
- Construct 16 units at Oak Ridge

Electrical

- Install lighting to new carports
- Electrical design/engineering
- 3rd party utility locates
- New conduit, wiring and relabeling of panels

OVERHEAD	10%
PROFIT	10%
CONTINGENCY	5%
INSURANCE/WARRANTY/ADMIN	2%

Glenbrook	\$261,900
Oak Ridge	\$347,650
Cedar Park	\$405,760

EXCLUSIONS

Concealed items, landscaping repair, panel upgrades, special inspections bonds, moving of existing utilities, liquidated damages

Respectfully submitted, Austin Reilly, Principal

Proposal #24.178

EXHIBIT “R”

GLENBROOK, OAK RIDGE & CEDAR PARK CARPORTS **8/28/24**

Project Duration **120 Days** **24 Weeks** **6 Months**

GENERAL CONDITIONS

Cost Codes	Description	Quantity	Unit	Unit Price	Total	Comments
1.310	Project Manager	320	Hrs	95.00	30,569.60	1/3 Time
1001	Project Admin (FOM)/ Project Engineer	12	wks	2,300.00	27,600.00	1/2 Time
1005	Supervision/Superintendent	26	wks	3,200.00	83,200.00	+ 2 Wks To Final Acc
1009	General Superintendent	48	Hrs	125.00	6,000.00	
1011	Safety Manager	50	Hrs	75.00	3,750.00	
1015	Procure Management Software	24	wks	150.00	3,600.00	
1020	Drinking Water	24	wks	60.00	1,440.00	
1030	Office Supplies	24	wks	30.00	720.00	
1032	Office Equipment	24	wks	30.00	720.00	
1033	Internet	6	Mo	150.00	900.00	
1035	Photos	24	wks	15.00	360.00	
1040	Safety & First Aid	24	wks	25.00	600.00	
1050	Site Security Fencing	3,000	LF	2.50	7,500.00	Allowance
1055	Fire Extinguishers	2	LS	100.00	200.00	
1090	Project Sign	1	EA	600.00	600.00	
1112	Clean Up, Daily (Temp.)	24	wks	250.00	6,000.00	1 day per week
1115	Dumpster	4	Lds	1,250.00	5,000.00	40 yd Minimum Size
1127	Postage	24	wks	25.00	600.00	
1200	Temp. Telephone	6	Mo	350.00	2,100.00	
1210	Temp. Electric	0	Mo	500.00	0.00	By Owner
1230	Temp. Toilets (1/10 Men)	6	Mo	1,000.00	6,000.00	
1235	CAL/OSHA Handwash	6	Mo	600.00	3,600.00	
1260	JCI - Office Trailer	6	Mo	750.00	4,500.00	
1285	Tool Storage	6	Mo	150.00	900.00	
1300	Pickup Allowance	6	Mo	1,500.00	9,000.00	
1350	Misc. Equipment	24	wks	150.00	3,600.00	
1500	Small Tools	24	wks	50.00	1,200.00	
1530	Gas / Oil	24	wks	500.00	12,000.00	
1602	Blueprints	1	LS	1,000.00	1,000.00	
1850	Builder's Risk Insurance	0	LS	0.00	0.00	By Owner
1900	Business License	1	LS	300.00	300.00	
1910	Liquidated Damages	0	LS	0.00	0.00	Not Applicable
1950	Warranty Expense	0	LS	0.00	0.00	Not Applicable
1980	Archive Scanning	1	LS	800.00	800.00	
1985	Permits & fees	0	LS	0.00	0.00	By Owner

GC's per month>>>> \$37,393 **TOTAL GC's>>>>** 224,359.60

CARPOT BREAKDOWN TOTAL >>>>		909,600
COMBINED SUBTOTAL>>>>		1,133,960
Warranty 0.20%		2,268
Liability Insurance 0.72%		8,181
OH & P 9.00%		102,997

BOND FORMULAS		TOTAL BID	1,247,405
Projects under 500K	17,001	Recommended 5% CONTEGENCY	62,370
Projects 500k-2.5mil	13,482	TOTAL BID W/O BOND>>>	1,309,775.36
Projects 2.5mil-5mil	14,747	Payment & Performance Bond	0
Projects 5mil-7.5mil	15,795	Bond Insurance 0.70%	0
Projects 7.5mil & over	13,744	P&P Bond & Bond Ins.	0
		Grand Total	1,309,775.36

Building SQ. FT. 0 Price per SQ. FT. NA

JCI SOV

Breakdown Bid Total >>>>		909,600	Sub/Allowance
Item #	Division Description	Bid	
1	GLENBROOK - 12 UNITS	227,400	
2	OAK RIDGE - 16 UNITS	303,200	
3	CEDAR PARK - 20 UNITS	379,000	

QUALIFICATIONS

Contractor: Jackson Construction, Inc.

Project: GLEENBROOK, OAK RIDGE & CEDAR PARK CARPORTS

Bid Date: 8/28/24

QUALIFICATIONS

Exclusions

- 1 Excludes permits & fees.
- 2 Excludes delays due to permits, material/equipment procurement, weather & other acts of God.
- 3 Excludes bonds.
- 4 Excludes builders risk insurance.
- 5 Excludes liquidated damages.
- 6 Excludes contaminated or hazardous soil.
- 7 Excludes dewatering.
- 8 Excludes structural design & fees.
- 9 Excludes electrical design & fees.
- 10 Excludes any required landscaping repairs (by owner's vendor).
- 11 Excludes special testing & inspections (by owner to prevent conflict of interest).
- 12 Excludes concealed/unforeseen conditions/materials.
- 13 Excludes handling or removal of hazardous materials and any remediation required.
- 14 Excludes special working hours & overtime - Standard hours M-F for non-holidays.
- 15 Excludes temp power - power by owner.
- 16 Excludes relocating existing UG utilities if required for new footing locations.
- 17 _____
- 18 _____
- 19 _____
- 20 _____

Inclusions

- 1 Fabricate and install new steel parking structures.
- 2 Removal and replacement of asphalt required for parking structure columns & bases.
- 3 New UG electrical trenches required for lighting.
- 4 Includes new LED lighting and wiring.
- 5 New concrete sections for flatwork where temp demo required for UG structural and electrical.
- 6 New parking lot striping where required from demo work.
- 7 _____
- 8 _____
- 9 _____
- 10 _____

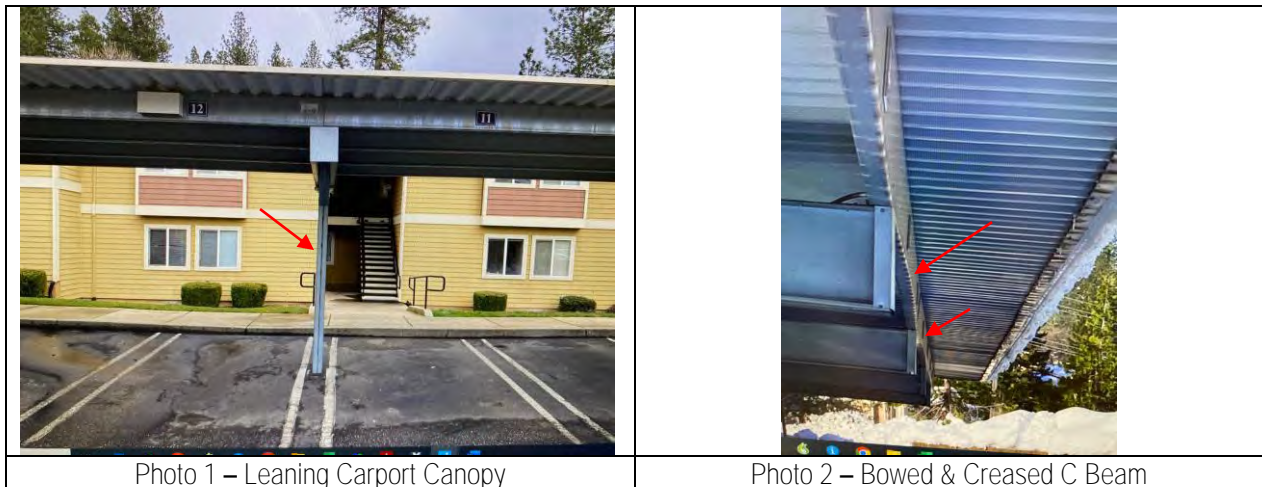
EXHIBIT “S”

July 14, 2023

Mr. Jeff Camacho
Farmers Insurance
Jeff.camacho@farmersinsurance.comRE: Glenbrook Apartments – 265 Sutton Way, Grass Valley, CA 95945
Carport Condition Assessment
Insured: Oregon Investors VII
Claim No. 7006217336

Dear Mr. Camacho:

Our office was asked to comment on the carport structures located 265 Sutton Way, Grass Valley after experiencing significant snow loading during the 2022/2023 winter season. Reported damage to the light-gage metal carport framing included, but was not limited to the following: creases in C-beams, loosened fastener connections, leaning carports, twisted/bent framing members, etc. Several photographs of the carport damage were provided and are depicted in Photographs 1 and 2.



Based on provided information, our office believes significant snow loading damaged the carport structures inducing deformed and buckled structural light-gage framing members. Once light-gage members experience deformation (i.e., flange and web crippling) their structural integrity is greatly compromised, and they should be replaced. In our opinion, snow loading damaged the carport structures located at 265 Sutton Way, which now require replacement.

Sincerely,
Degenkolb Engineers
By:Peter Sandlin, S.E.
Principal

07-14-2023

EXHIBIT “T”



Toll Free: (800) 435-7764
Email: myclaim@farmersinsurance.com
Please include your claim # on any correspondence
National Document Center
P.O. Box 268994
Oklahoma City, OK 73126-8994
www.farmers.com/claimstatus

August 30, 2024

OREGON INVESTORS V LP
DBA OAKRIDGE APARTMENTS
PO BOX 2968
PORTLAND OR 97208-2968

RE:	Insured:	Oregon Investors V LP
	Claim Number:	5021822222-1-1
	Policy Number:	0606745027
	Loss Date:	03/07/2023
	Location of Loss:	228 Sutton Way, Grass Valley, CA
	Subject:	Important Claim Information

Dear Oregon Investors V LP:

Thank you for choosing us to provide for your insurance needs. We value you as a customer and appreciate the opportunity to be of service. This letter shall serve as a follow up to our telephone conversation on August 29, 2024.

Joshua Meltz from our office inspected the property on March 17, 2023. During his field inspection, Mr. Meltz met with Jeremy Burt from Element 26 Construction. Mr. Meltz advised me that he observed the following damage to the carports:

- *Metal C-Beams had creases in them
- *The metal ties that connect metal beams together had come undone
- *The metal beams had bent from the weighty of the snow
- *Roofs had shifted back and fascia separating
- *Dents in steel beams from stress of shift
- *Roofs shifted back
- *Leaning carports
- *Compressed beams and front plates bowing out (photo indicates represents all carports)
- *Fascia off
- *Ties have shifted
- *Un-straight tops

Based on the above items it was concluded that the carports were damaged beyond repair. We issued an actual cash value payment to you on June 13, 2023.

We encourage you to visit www.farmers.com to learn more about our self-service options available to you, including the ability to view your claim status, upload documents and photos and find local service providers.

If you have any questions, please call me at (858) 444-5211.

Thank you.

Jeff Camacho
Special Commercial Property General Adjuster
(858) 444-5211
Farmers Insurance Exchange

Email communications are preferred and should be sent to myclaim@farmersinsurance.com. If hard copies of communications are required, they should be sent to our National Document Center at P.O. Box 268994, Oklahoma City, OK 73126-8994.

CC: ELISE RINGER, SARAH T WINDER

EXHIBIT “U”



Toll Free: (800) 435-7764
Email: myclaim@farmersinsurance.com
Please include your claim # on any correspondence
National Document Center
P.O. Box 268994
Oklahoma City, OK 73126-8994
www.farmers.com/claimstatus

August 30, 2024

OREGON INVESTORS VIII LP
DBA CEDAR PARK APARTMENTS
PO BOX 2968
PORTLAND OR 97208-2968

RE:	Insured:	Oregon Investors VIII LP
	Claim Number:	5021781016-1-1
	Policy Number:	0606745005
	Loss Date:	02/28/2023
	Location of Loss:	210 Sutton Way, Grass Valley, CA
	Subject:	Important Claim Information

Dear Oregon Investors VIII LP:

Thank you for choosing us to provide for your insurance needs. We value you as a customer and appreciate the opportunity to be of service. This letter shall serve as a follow up to our telephone conversation on August 29, 2024.

Joshua Meltz from our office inspected the property on March 17, 2023. During his field inspection, Mr. Meltz met with Jeremy Burt from Element 26 Construction. Mr. Meltz advised me that he observed the following damage to the carports:

- *Metal C-Beams had creases in them
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- *The metal beams had bent from the weighty of the snow
- *Roofs had shifted back and fascia separating
- *Dents in steel beams from stress of shift
- *Roofs shifted back
- *Leaning carports
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We encourage you to visit www.farmers.com to learn more about our self-service options available to you, including the ability to view your claim status, upload documents and photos and find local service providers.

If you have any questions, please call me at (858) 444-5211.

Thank you.

Jeff Camacho
Special Commercial Property General Adjuster
(858) 444-5211
Truck Insurance Exchange

Email communications are preferred and should be sent to myclaim@farmersinsurance.com. If hard copies of communications are required, they should be sent to our National Document Center at P.O. Box 268994, Oklahoma City, OK 73126-8994.

CC: ELISE RINGER, SARAH T WINDER

EXHIBIT “V”

**CALHFA ASSET MANAGEMENT
SITE INSPECTION REPORT**

PROJECT NAME	Glenbrook Apartments	MGT COMPANY	Cambridge Real Estate Services	DATE OF VISIT	12/14/2021
PROJECT ADDRESS	265 Sutton Way Grass Valley, CA 95945	YEAR BUILT	2006	TOTAL BUILDINGS	8
CALHFA#	02049N	PROPERTY MANAGER	Janeen Kallus	TOTAL UNITS	52
CALHFA INSPECTOR	Steve Markan	PROPERTY MGR PHONE NUMBER	503-450-0238	# UNITS INSPECTED	5
CALHFA INSPECTOR EMAIL	smarkan@CalHFA.ca.gov	PROPERTY MGR EMAIL	jkallus@cambridgeres.com	PROJECT TYPE	Family
TYPE OF VISIT	Annual	ON-SITE MANAGER	Ricci Cooper	# VACANCIES	0
INSPECTION TYPE (PROCESS TYPE)	80/20	MAINTENANCE	Gary Meales	BED BUGS	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
HUD 9834 COMPLETE (If Applicable)	Yes <input type="checkbox"/> No <input type="checkbox"/>	OTHERS PRESENT		JOINT INSPECTION	Select

ITEMS RATED 3 REQUIRES A RESPONSE WITHIN FIFTEEN (15) BUSINESS DAYS UPON RECEIPT OF THIS REPORT

Provide CalHFA with a plan of action and time frame for implementation and completion

OF ITEMS RATED 3: 3

SEVERITY RATING LEVELS

1 = LEVEL 1(Minor Deficiency) 2 = LEVEL 2(Potential Problem)

3 = LEVEL 3 - ACTION REQUIRED (WITHIN 15 DAYS)

4 = NOD = NO OBSERVED DEFICIENCY

5 = N/A = NOT APPLICABLE

EXTERIOR		INTERIOR		INTERIOR	
Site		Building Systems		Units	
1. Fences & Gates	5	20. Domestic Water/Plumbing	4	45. Bathroom	2
2. Grounds	4	21. Electrical System	4	46. Call-for-Aid	Select
3. Mailboxes & Signs	4	22. Elevator Equip.	5	47. Ceiling	Select
4. Market Appeal	4	23. Emergency Power	3	48. Doors	3
5. Parking Lots/Driveways	4	24. Fire Protection	4	49. Electrical System	Select
6. Play Areas & Equipment	4	25. HVAC	4	50. Floors	Select
7. Refuse Disposal	4	26. Roof Exhaust System	5	51. Hot Water Heater	3
8. Retaining Walls	5	27. Sanitary System	4	52. HVAC System	Select
9. Storm Drainage	4	28. Health & Safety	4	53. Kitchen	Select
10. Walkways & Steps	4	Common Area		54. Laundry Area	Select
11. Health & Safety	4	29. Basement/Garage/Carport	5	55. Lighting	Select
Building Exterior		30. Closet/Utility/Mechanical	4	56. Outlets/Switches	Select
12. Doors	4	31. Community Room	4	57. Patio/Porch/Balcony	Select
13. Fire Escapes	5	32. Day Care	5	58. Smoke/CO Detector	Select
14. Foundations	4	33. Halls/Corridors/Stairs	4	59. Stairs	Select
15. Lighting	4	34. Kitchen	4	60. Walls	1
16. Roofs	4	35. Laundry Room	4	61. Windows	Select
17. Walls	4	36. Lobby	4	62. Housekeeping	Select
18. Windows	4	37. Office	4	63. Health & Safety	Select
19. Health & Safety	4	38. Other Community Space	4	Certifications:	
		39. Patio/Porch/Balcony	4	1. Boilers	N/A
		40. Pools & Related Structure	5	2. Elevators	N/A
		41. Restrooms/Pool Structure	4	3. Fire Alarms	N/A
		42. Storage	4	4. LB Paint Disclosure Forms	N/A
		43. Trash Collection Areas	5	5. LB Paint Inspection Report	N/A
		44. Health & Safety	4	6. Fire Sprinkler Systems	Yes

**CALHFA ASSET MANAGEMENT
SITE INSPECTION REPORT**

UNITS INSPECTED	414, 511, 612, 811, 812
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HEALTH, FIRE, & SAFETY ITEMS RATED #3 – ACTION REQUIRED WITHIN 72 HOURS

EXTERIOR & INTERIOR ITEMS RATED #3 – ACTION REQUIRED WITHIN 15 BUSINESS DAYS

23. Emergency Power
Level 3 – Auxiliary light in the office/community building is not working.

Unit 414
48. Doors
Level 3 – Bedroom 1 door has a hole.

Unit 511
48. Doors
Level 3 – Hall bathroom door does not latch.
51. Hot Water Heater
Level 3 – Water Heater PRV discharge pipe is missing.

EXTERIOR & INTERIOR RATED #1 & 2 – ITEMS RECOMMENDED FOR REPAIR

Unit 414
48. Doors
Level 2 – Laundry room door is damaged.
60. Walls
Level 1 – Wall damage in the hall bathroom above the shower.

Unit 811
48. Doors
Level 1 – Laundry room door is missing.
Level 1 – Screen door is damaged.

Unit 812
45. Bathroom
Level 2 – Hall bathroom tank cover is broken.

OVERALL COMMENTS

EXHIBIT “W”

CALHFA ASSET MANAGEMENT SITE INSPECTION REPORT

PROJECT NAME	Cedar Park	MGT COMPANY	Cambridge Real Estate Services	DATE OF VISIT	12/14/2021
PROJECT ADDRESS	210 Sutton Way Grass Valley, CA 95945	YEAR BUILT	2004	TOTAL BUILDINGS	17
CALHFA#	02027N	PROPERTY MANAGER	Janeen Kallus	TOTAL UNITS	81
CALHFA INSPECTOR	Steve Markan	PROPERTY MGR PHONE NUMBER	503-450-0238	# UNITS INSPECTED	8
CALHFA INSPECTOR EMAIL	smarkan@CalHFA.ca.gov	PROPERTY MGR EMAIL	jkallus@cambridgeres.com	PROJECT TYPE	Family
TYPE OF VISIT	Annual	ON-SITE MANAGER	Sonia Perez	# VACANCIES	2
INSPECTION TYPE (PROCESS TYPE)	80/20	MAINTENANCE	Julio Garcia	BED BUGS	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
HUD 9834 COMPLETE (If Applicable)	Yes <input type="checkbox"/> No <input type="checkbox"/>	OTHERS PRESENT		JOINT INSPECTION	Select

ITEMS RATED 3 REQUIRES A RESPONSE WITHIN FIFTEEN (15) BUSINESS DAYS UPON RECEIPT OF THIS REPORT

Provide CalHFA with a plan of action and time frame for implementation and completion

OF ITEMS RATED 3: 4

SEVERITY RATING LEVELS

1 = LEVEL 1(Minor Deficiency) 2 = LEVEL 2(Potential Problem)

3 = LEVEL 3 - ACTION REQUIRED (WITHIN 15 DAYS)

4 = NOD = NO OBSERVED DEFICIENCY

5 = N/A = NOT APPLICABLE

EXTERIOR		INTERIOR		INTERIOR	
Site		Building Systems		Units	
1. Fences & Gates	5	20. Domestic Water/Plumbing	4	45. Bathroom	4
2. Grounds	4	21. Electrical System	4	46. Call-for-Aid	5
3. Mailboxes & Signs	4	22. Elevator Equip.	5	47. Ceiling	4
4. Market Appeal	4	23. Emergency Power	3	48. Doors	3
5. Parking Lots/Driveways	4	24. Fire Protection	4	49. Electrical System	4
6. Play Areas & Equipment	4	25. HVAC	4	50. Floors	4
7. Refuse Disposal	4	26. Roof Exhaust System	4	51. Hot Water Heater	3
8. Retaining Walls	5	27. Sanitary System	4	52. HVAC System	4
9. Storm Drainage	4	28. Health & Safety	4	53. Kitchen	4
10. Walkways & Steps	4	Common Area		54. Laundry Area	4
11. Health & Safety	4	29. Basement/Garage/Carport	5	55. Lighting	4
Building Exterior		30. Closet/Utility/Mechanical	4	56. Outlets/Switches	4
12. Doors	3	31. Community Room	4	57. Patio/Porch/Balcony	4
13. Fire Escapes	4	32. Day Care	5	58. Smoke/CO Detector	4
14. Foundations	4	33. Halls/Corridors/Stairs	4	59. Stairs	5
15. Lighting	4	34. Kitchen	4	60. Walls	4
16. Roofs	1	35. Laundry Room	4	61. Windows	4
17. Walls	4	36. Lobby	4	62. Housekeeping	4
18. Windows	4	37. Office	4	63. Health & Safety	4
19. Health & Safety	4	38. Other Community Space	4	Certifications:	
		39. Patio/Porch/Balcony	4	1. Boilers	N/A
		40. Pools & Related Structure	5	2. Elevators	N/A
		41. Restrooms/Pool Structure	4	3. Fire Alarms	N/A
		42. Storage	4	4. LB Paint Disclosure Forms	N/A
		43. Trash Collection Areas	4	5. LB Paint Inspection Report	N/A
		44. Health & Safety	4	6. Fire Sprinkler Systems	Yes

**CALHFA ASSET MANAGEMENT
SITE INSPECTION REPORT**

UNITS INSPECTED	101, 103, 104, 121, 131, 133, 136, 140
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HEALTH, FIRE, & SAFETY ITEMS RATED #3 – ACTION REQUIRED WITHIN 72 HOURS

EXTERIOR & INTERIOR ITEMS RATED #3 – ACTION REQUIRED WITHIN 15 BUSINESS DAYS

12. Doors
Level 3 – Office/Community exterior door needs to be painted.

23. Emergency Power
Level 3 – Auxiliary light in the office/community building is not working.

Unit 101
48. Doors
Level 3 – Hall bathroom door is broken.

Unit 103
51. Hot Water Heater
Level 3 – Hot water heater PRV discharge pipe is missing.

Unit 133
51. Hot Water Heater
Level 3 – Hot water heater PRV discharge pipe is missing.

Unit 131
48. Doors
Level 3 – Entry door handle is damaged.

EXTERIOR & INTERIOR RATED #1 & 2 – ITEMS RECOMMENDED FOR REPAIR

16. Roofs
Level 1 – Splash block is missing at building 220-223 north side.

OVERALL COMMENTS

EXHIBIT “X”



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
ctcac@treasurer.ca.gov
www.treasurer.ca.gov/ctcac

MEMBERS

JOHN CHIANG, CHAIRMAN
State Treasurer

BETTY YEE
State Controller

MICHAEL COHEN
Director of Finance

EXECUTIVE DIRECTOR
Mark Stivers

September 14, 2015

Kelly Williams
Oregon Investors V Limited Partnership
PO Box 182
Springfield, OR 97477

RE: Oak Ridge Apartments (CA-1996-004)

NOTICE OF NONCOMPLIANCE FOR PROJECT IN EXTENDED USE PERIOD

The California Tax Credit Allocation Committee (CTCAC) staff conducted a file and on-site physical inspection of your project to determine compliance with the provisions of the recorded regulatory agreement between the owner and CTCAC on **August 5, 2015**. The recorded regulatory agreement requires that tax credit units be rent restricted and occupied by income eligible households whose income is verified by third-party documentation. All units must be habitable and the property must be safe for all tenants.

RESULTS OF THE TENANT FILE INSPECTION:

Eight tenant files were reviewed. The review of the files and the Project Status Report (PSR) for your project indicate that income eligible households occupy the units, rents are within the maximum rent limits, and all required documentation is contained in the files with the following exceptions:

REDACTED – This three-person household moved in on 03/21/15. At initial move-in, the file states the tenant **REDACTED** does not file taxes nor receives paychecks, but is paid strictly in cash with an attached Cash Payment Verification Form. Please provide CTCAC with the following:

- Move in – please provide an IRS 4506T Form with a response letter from the IRS.

Note: Forms that are missing signature(s) or date should date the form(s) with the actual date of signing, then put the statement "true and correct as of MM/DD/YY" next to signature.

RESULTS OF THE UNIT INSPECTION:

Eight units were inspected. The units and the property appear to be safe and habitable for all inspected tenant households with the following exceptions:

Building B - Unit #105

- Kitchen – garbage disposal switch face plate cracked
- Bathroom – occupied by tenant, unable to inspect. Please certify that the GFI, electrical, and plumbing are operable and in good condition.
- Bedroom #2 – missing door stopper
- Master bathroom – toilet does not flush

Building D - Unit #113

- Bathroom #1 – towel bar is broken

Building G - Unit #224

- Kitchen – GFI face plate missing

Building H - Unit #225

- Bedroom #1 – ingress/egress blocked due to desk stored behind door, preventing it from opening completely.

Please note: For all deficiencies found during the unit inspection, please provide CTCAC a work order showing the deficiencies have been corrected, signed and dated by both management and the tenant.

By Wednesday, October 14, 2015, please submit to CTCAC documentation showing correction of all of the above noted deficiencies. CTCAC will not accept documentation submitted via email or fax.

Our staff would like to thank your management representatives for their courteous assistance during the CTCAC audit. If you have any questions regarding this letter, please contact me at (916) 651-1321.

Sincerely,



Juan Diego Ochoa
Program Analyst

cc: Jeff Passadore – Cambridge Real Estate Services
Elizabeth Gutierrez-Ramos, Compliance Program Manager – CTCAC

EXHIBIT “Y”

From: [Janeen Kallus](#)
To: [Kristi Isham](#); [Denni Ragsdale](#)
Subject: Grass Valley Carports
Date: Wednesday, March 13, 2024 12:43:59 PM

Kristi,

I wanted to send a note regarding the carports at Glenbrook, Cedar Park and Oak Ridge in Grass Valley.

I have worked in property management almost 38 years. I have worked directly with your sites in Grass Valley since 2003 and am very familiar with these buildings and their operations.

I have attached a few pictures to this email showing the dangerous conditions created by the carports that were removed. The decision to remove them was not entered into or taken lightly. These were carports that were built to code.

Carports are not a requirement of any affordable program that I am aware of - nor are they a requirement of the City of Grass Valley as demonstrated by Brunswick Commons- an affordable housing project built in partnership with the City of Grass Valley and Nevada County in the past 3 years. No carports were constructed or required. Brunswick Commons also operates under the tax credit program.

Your three sites in Grass Valley still have reserved parking, so residents are not out any amenity. The properties are being improved with increased exterior lighting and the barriers to parking have been removed. (width and height restrictions that come with carports).

Management routinely had to repair carports from damage from cars trying to park or moving trucks. These are routine and expensive repairs.

Each site now has a much cleaner appearance with carports no longer obstructing views.

Carports intended benefit is protection from weather. This only applies when the sun shines or rain falls straight down, otherwise they offer only limited to none of the protection intended. We can see in the pictures below what happens when the weight of heavy snow settles on carports.

All of this is in addition to the limited to no cash flow these properties produce, the work needed as the sites age and the costs of that work. These sites just don't pay for themselves- when we have siding and roofing that needs replaced to keep the units comfortable and habitable for the households that live there it seems foolish to spend so much on structures that have such limited value.

My hope is that the carports will not be replaced- the limited benefit they offer is far outweighed by the advantages of not replacing them.

Any questions, I can be reached on my cell at 971.404.5203

Thank you,





Janeen Kallus

Cambridge Real Estate Services

[PO Box 2968 | Portland, Oregon 97208](#)

[1417 NW Marshall | Portland, Oregon 97209](#)

Direct: [503.450.0238](tel:503.450.0238)

Fax: [503.450.0241](tel:503.450.0241)

Cellular: [971.404.5203](tel:971.404.5203)

jkallus@cambridgeres.com

EXHIBIT “Z”

https://www.theunion.com/multimedia/structures-continue-to-collapse-in-nevada-county/article_b7611e08-bd37-11ed-b590-7fe7d7f57af8.html

FEATURED

Structures continue to collapse in Nevada County

Elias Funez
Mar 7, 2023



A large metal awning at the Oak Ridge Apartments in Grass Valley came down on some vehicles that were parked beneath

Managing Editor

On Monday, Nevada County Consolidated Fire Chief Jason Robitaille reported that his department had responded to 30 structural collapses due to heavy snow load over the past ten days.

Tuesday, that number continued to go up in Nevada County as structural collapses were reported in and around Grass Valley, including along Laurel Lane where a complete structural collapse of the roof of a mobile home occurred.

“On scene we found one building with major damage,” Grass Valley Battalion Chief Christopher Armstrong said.

“We will remove the gas meter and help the resident get some belongings out so they can get some warm clothes,” Armstrong said.

The resident’s cat, Miss Kitty, was also located and returned to her owner.

The building was red-tagged by firefighters as the structure is now no longer safe for anyone to enter.

Less than a few blocks away, at the Oak Ridge apartments off of Sutton Way, a snow-covered awning came crashing down onto a few vehicles parked under the structure.

Caution tape had been placed on the awnings to warn folks of the potential for failure following the collapse of similar awning structures at the adjacent Cedar Ridge apartment complex earlier in the week. That warning went ignored by those who proceeded to park under the awnings.

Later in the day Tuesday, just up the way from the Sutton Way and Laurel Lane collapses, a complete loss of a hangar at the Nevada County Airport was reported due to the heavy snow load.

While there was no one hurt in the incident or damage to any aircraft reported, initial assessments by fire officials are saying that the hangar is a complete loss.

At around 5:30 p.m. Tuesday yet another emergency call for a structurally compromised roof came in from the First US Community Credit Union along the 2100 block of Nevada City Highway.

Firefighters assisted in evacuating the bank and the adjacent businesses while the property owner arrived and took photos of the damage.

Further inspection from firefighters revealed a complete structural failure of the bank's roof.

In the same region of Grass Valley, the new digs of InConcert Sierra on Crown Point Circle suffered a partial roof collapse Saturday night, one day after InConcert officials closed escrow on the building.

There were no injuries nor was anyone in the building at the time of collapse according to InConcert Sierra officials, and the building has been secured and the city, county, and InConcert Sierra contractors have been engaged.

“Besides nobody being injured, the silver lining may be that the collapse is over a portion of the roof that was to be removed for the concert hall,” InConcert Sierra Executive Director Julie Hardin said. “We’ve experienced ‘pre-demolition’ demolition and we hope to commence our construction sooner than expected.”

Be aware of potential structure damage

With the increase in danger due to dangerous snow loads, Nevada County officials want to inform folks to please check their structures for the following: cracks in walls, sagging floors, displaced columns, cracking or dropping arches, bulging walls, water/smoke that pushes through masonry.

County officials do want property owners to proceed with caution, and not necessarily try to remedy the situation without the assistance of professional help.

“One of the concerns is homeowners taking actions into their own hands and then we have an incident in an incident,” Robitaille said, adding that 121 medical and rescue emergencies have been conducted over the past ten days.

If you observe any of these items and are concerned about your structure’s safety, consider contacting the Nevada County Contractors Association at 530-274-1919 or find a list of local and reliable licensed contractors on their website: <https://business.nccabuildingpros.com/list>. Call 911 if there is a life-threatening emergency.

For those with structure damage due to the recent storms, there may be some relief in store if that damage equates to more than \$10,000 worth.

“Emergency relief may be available for taxable property including residences, commercial buildings, boats, aircraft, and business personal property locally assessed,” according to a release from Nevada County Assessor Rolf Kleinhans.

“However, the tax relief is not applicable to business inventory or personal items such as household goods and furnishings. According to California law... some property owners or persons responsible for property taxes may be entitled to relief if they are without fault and their loss equals or exceeds \$10,000.”

Applications for the emergency relief must be turned in within 12 months of the property damage.

For more information regarding these provisions and to obtain the disaster relief application, you can write to the Office of the assessor, County of Nevada, 950 Maidu Ave., PO Box 599002, Nevada City, CA, 95959, or by telephone at 530-265-1232 between the hours of 8:00 am and 5:00 pm, or emailing assessor@nevadacountyca.gov.

To contact Managing Editor Elias Funez email efunez@theunion.com or call 530-477-4230.